

WILLOUGHBY & HOEFER, P.A.

ATTORNEYS & COUNSELORS AT LAW

1022 CALHOUN STREET (SUITE 302)

P.O. BOX 8416

COLUMBIA, SOUTH CAROLINA 29202-8416

MITCHELL M. WILLOUGHBY
JOHN M.S. HOEFER
ELIZABETH ZECK*
PAIGE J. GOSSETT
RANDOLPH R. LOWELL

*ALSO ADMITTED IN TX

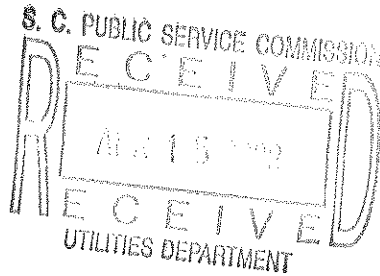
AREA CODE 803
TELEPHONE 252-3300
TELECOPIER 256-8062

REGINALD I. LLOYD
SPECIAL COUNSEL

April 5, 2002

VIA HAND DELIVERY

The Honorable Gary E. Walsh
Executive Director
South Carolina Public Service Commission
101 Executive Center Drive
Columbia, SC 29210



RECEIVED
2002 APR -5 PM 2:54
SC PUBLIC SERVICE
COMMISSION

RE: Application For Transfer of Assets by
Utilities Services of South Carolina, Inc.

Dear Mr. Walsh:

Enclosed for filing are the original and twelve copies of the above-referenced Application. I would appreciate your filing the original and ten copies and returning two clocked-in copies via our courier. By separate correspondence, I am filing with you, under seal, a copy of the Application without certain proprietary information redacted from the attachments to the Application.

(Continued ...)

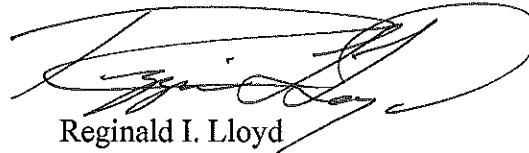
The Honorable Gary E. Walsh
April 5, 2002
Page 2

If you have any questions, please do not hesitate to call me.

With kind regards, I am

Very truly yours,

WILLOUGHBY & HOEFER, P.A.



Reginald I. Lloyd

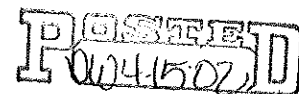
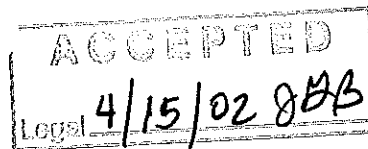
RIL/cgc
enclosures

cc: Mr. Carl Daniel
Mr. Sam Davis
Mr. Steven M. Lubertozzi
Robert T. Bockman, Esquire
John Moore, Esquire

SO PUERTO RICO
SERVICE
COMMISSION

2002 APR - 5 PM 2:54

RECEIVED



BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

2002-12445

RECEIVED
2002 APR -5 PM 2:54
SC PUBLIC SERVICE
COMMISSION

RE: Application of Utilities Services of)
South Carolina, Inc.)
)
For Approval of the Transfer of the Water)
And Sewer Facilities, Territory, and Certificates)
Of Utilities of S.C., Inc. and S.C. Water and)
Sewer, LLC)
_____)

**APPLICATION FOR
TRANSFER OF ASSETS BY
UTILITIES SERVICES OF
SOUTH CAROLINA, INC.**

Utilities Services of South Carolina, Inc., (hereinafter referred to as the "Applicant"), hereby applies to the Public Service Commission of South Carolina (hereinafter referred to as the "Commission") for approval of the transfer of the water and sewer facilities, territory, certificates, permits, powers and privileges from Utilities of South Carolina, Inc. and South Carolina Water and Sewer, LLC to the Applicant. In support of this Application, the Applicant would respectfully show unto the Commission the following:

1. Utilities Services of South Carolina, Inc., is a corporation duly organized and existing under the laws of the State of South Carolina, and is a wholly-owned subsidiary of Utilities, Inc., a

corporation, whose principal place of business is Northbrook, Illinois. A copy of Applicant's Articles of Incorporation are attached hereto, and incorporated herein, as **Exhibit "A."** The Applicant will purchase the assets of Utilities of South Carolina, Inc. and South Carolina Water and Sewer, LLC and, further, the Applicant will continue to provide the water and sewer services currently provided by those two companies.

2. Applicant's representatives for purposes of this Application are:

(a) Legal Representatives:

Mitchell Willoughby, Esquire
Reginald I. Lloyd, Esquire
Willoughby & Hoefer, P.A.
1022 Calhoun Street, Suite 302
Post Office Box 8416
Columbia, SC 29202-8416
(803) 252-3300

(b) Company Representative:

Jim Camaren
Chairman and Chief Executive Officer
Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062
(708) 498-6440

3. Utilities of South Carolina, Inc. is a corporation duly organized and existing under the laws of State of South Carolina, and, pursuant to orders of this Commission, operates a potable water production, treatment, storage, transmission and distribution system (hereinafter referred to as "water system") and a sanitary wastewater collection, treatment and effluent disposal system

(hereinafter referred to as “sewer system”), which are located in and serve various parts of the State of South Carolina.

4. Utilities of South Carolina, Inc. is a “public utility” as defined in S.C. Code Ann. § 58-5-10(3) (Law. Co-op. 1976 & Supp. 2001). The subdivisions served by the company are attached hereto, and incorporated herein, as **Exhibit “B.”**

5. South Carolina Water and Sewer, LLC is a limited liability company duly organized and existing under the laws of State of South Carolina, and, pursuant to orders of this Commission, operates a potable water production, treatment, storage, transmission and distribution system (hereinafter referred to as “water system”) and a sanitary wastewater collection, treatment and effluent disposal system (hereinafter referred to as “sewer system”), which are located in and serve various parts of the State of South Carolina.

6. South Carolina Water and Sewer, LLC is a “public utility” as defined in S.C. Code Ann. § 58-5-10(3) (Law. Co-op. 1976 & Supp. 2001). The subdivisions served by the company are attached hereto, and incorporated herein, as **Exhibit “B.”**

7. Utilities of South Carolina, Inc. is a wholly-owned subsidiary of U.S. Utilities, Inc., a Delaware corporation, certified to do business in South Carolina. U.S. Utilities, Inc. is also the sole member of South Carolina Water and Sewer, LLC.

8. Utilities, Inc. currently owns and operates, through wholly-owned subsidiaries, numerous water and sewer systems in the State of South Carolina as public utilities subject to the jurisdiction of the Commission. Utilities, Inc. is the sole shareholder of Utilities Services of South Carolina, Inc.

9. The Applicant submits that it is in the public interest and best interests of the customers of Utilities of South Carolina, Inc. to transfer ownership of the subject water and sewer systems from Utilities of South Carolina, Inc. to the Applicant. The parties have negotiated an agreement whereby the Applicant will acquire the complete water and sewer systems, including personal and business property, real property, easements, and all certificates and permits necessary to continue to operate such water and sewer systems and receive revenues therefrom. A copy of the Agreement for Purchase and Sale of Water and Wastewater Assets by and between Utilities of South Carolina, Inc. and Utilities, Inc. is attached hereto as **Exhibit "C."**

10. The Applicant further submits that it is in the public interest and best interests of the customers of South Carolina Water and Sewer, LLC to transfer ownership of the subject water and sewer systems from South Carolina Water and Sewer, LLC to the Applicant. The parties have negotiated an agreement whereby the Applicant will acquire the complete water and sewer systems, including personal and business property, real property, easements, and all certificates and permits necessary to continue to operate such water and sewer systems and receive revenues therefrom. A copy of the Agreement for Purchase and Sale of Water and Wastewater Assets by and between South Carolina Water and Sewer, LLC, and Utilities, Inc. is attached hereto as **Exhibit "D."**

11. It is the intent and desire of the Applicant to operate the subject water and sewer systems pursuant to the terms of the Agreements, under the schedules of rates and charges and the tariffs and regulations, as approved by this Commission and in compliance with §58-5-710 *et. seq.*, assuring adequacy of service.

12. Applicant believes and asserts that this Application can and should be resolved without the necessity of a formal hearing and Applicant hereby waives its right to the same.

13. Utilities of South Carolina, Inc. and South Carolina Water and Sewer, LLC consent to and thereby join in this Application. A copy of the Consent to Application is attached hereto as **Exhibit "E."**

WHEREFORE, the Applicant respectfully requests that the Commission take the following action:

A. To waive the requirement of a hearing on this Application;

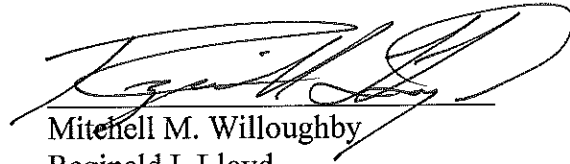
B. To approve the transfer of the water and sewer systems currently serving the customers of Utilities of South Carolina, Inc., including the water and sewer facilities, territory, certificates, permits, powers and privileges, from Utilities of South Carolina, Inc. to the Applicant herein;

C. To permit the Applicant to operate the water and sewer systems currently owned and operated by Utilities of South Carolina, Inc., pursuant to the terms of the Purchase and Sale Agreement, and under the schedules of rates, charges, tariffs, and regulations as approved by this Commission; and

D. To approve the transfer of the water and sewer systems currently serving the customers of South Carolina Water and Sewer, LLC, including the water and sewer facilities, territory, certificates, permits, powers and privileges, from South Carolina Water and Sewer, LLC to the Applicant herein;

E. To permit the Applicant to operate the water and sewer systems currently owned and operated by South Carolina Water and Sewer, LLC, pursuant to the terms of the Purchase and Sale Agreement, and under the schedules of rates, charges, tariffs, and regulations as approved by this Commission; and

F. For such other and further relief as this Commission deems just and proper.



Mitchell M. Willoughby

Reginald I. Lloyd

WILLOUGHBY & HOEFER, P.A.

1022 Calhoun Street, Suite 302

Post Office Box 8416

Columbia, South Carolina 29202-8416

803-252-3300

Attorneys for Applicant

Utilities Services of South Carolina, Inc.

Columbia, South Carolina

This 4th day of April, 2002

Table of Contents

Exhibits to Application for Transfer of Assets by Utilities Services of South Carolina, Inc.

<u>Tab</u>	<u>Description of Exhibit</u>
A	Articles of Incorporation
B	List of Subdivisions Served by the Companies
C	Agreement for Purchase and Sale of Water and Wastewater Assets by and between Utilities of South Carolina, Inc. and Utilities, Inc.
D	Agreement for Purchase and Sale of Water and Wastewater Assets by and between South Carolina Water and Sewer, LLC and Utilities, Inc.
E	Consent to Application by Utilities of South Carolina, Inc. and South Carolina Water and Sewer, LLC

**CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE**

APR 01 2002

J. W. C.
SECRETARY OF STATE OF SOUTH CAROLINA

6. Unless specified otherwise below, the transfer of shares of stock of the corporation shall be subject to the restrictions set out in Sections 33-18-110 through 33-18-130 of the 1976 South Carolina Code of Laws, as amended. Specify any variations in the statutory format in Sections 33-18-110 through 33-18-130.

Utilities Services of South Carolina, Inc.

Name of Corporation

7. Unless otherwise specified below the corporation shall have a board of directors (See Sections 33-18-210 of the 1976 South Carolina Code of Laws, as amended).

☒ This corporation elects not to have a board of directors.

8. Check, if applicable.

☐ This corporation elects to have the provisions of Sections 33-18-140 through 33-18-170 of the 1976 South Carolina Code of Laws, as amended, which give the estate of a deceased shareholder the right to compel the corporation to purchase the deceased shareholder's shares, apply.

Specify any variations in the statutory format in Sections 33-18-140 through 33-18-170.

9. The optional provisions, which the corporation elects to include in the articles of incorporation, are as follows (See the applicable provisions of Sections 33-2-102, 33-18-330, 35-2-105, and 35-2-221 of the 1976 South Carolina Code of Laws, as amended).

See Exhibit "A," attached hereto and incorporated herein.

10. The name, address and signature of each incorporator is as follows (only one is required):

a. Mitchell M. Willoughby

Name

1022 Calhoun Street, Suite 302, Columbia, SC 29201

Address

Mitchell Willoughby

Signature

b. _____

Name

Address

Signature

c. _____

Name

Address

Signature

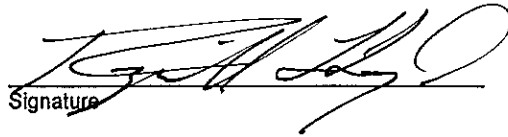
11. I, Reginald I. Lloyd, an attorney licensed to practice in the State of South Carolina, certify that the corporation, to whose articles of incorporation this certificate is attached, has complied with the requirements of Chapter 2, Title 33 of the 1976 South Carolina Code of Laws, as amended, relating to the articles of incorporation.

Utilities Services of South Carolina, Inc.
Name of Corporation

Date

April 1, 2002

Signature



Reginald I. Lloyd
Type or Print Name

1022 Calhoun Street, Suite 302
Address

Columbia, South Carolina 29201

803-252-3300
Telephone Number

FILING INSTRUCTIONS

1. Two copies of this form, the original and either a duplicate original or a conformed copy, must be filed.
2. If the space in this form is insufficient, please attach additional sheets containing a reference to the appropriate paragraph in this form.
3. Enclose the fee of \$135.00 payable to the Secretary of State.
4. THIS FORM MUST BE ACCOMPANIED BY THE ANNUAL REPORT (SEE SECTION 12-19-20 OF THE 1976 SOUTH CAROLINA CODE OF LAWS, AS AMENDED)

Return to: Secretary of State
P.O. Box 11350
Columbia, SC 29211

SPECIAL NOTE

ALL SHARE CERTIFICATES ISSUED BY A STATUTORY CLOSE CORPORATION MUST CONTAIN THE FOLLOWING CONSPICUOUS NOTICE:

THE RIGHTS OF SHAREHOLDERS IN A STATUTORY CLOSE CORPORATION MAY DIFFER MATERIALLY FROM THE RIGHTS OF SHAREHOLDERS IN OTHER CORPORATIONS. COPIES OF THE ARTICLES OF INCORPORATION AND BYLAWS, SHAREHOLDERS' AGREEMENTS AND OTHER DOCUMENTS, ANY OF WHICH MAY RESTRICT TRANSFERS AND AFFECT VOTING AND OTHER RIGHTS, MAY BE OBTAINED BY A SHAREHOLDER ON WRITTEN REQUEST TO THE CORPORATION.

THE FILING OF THIS DOCUMENT DOES NOT, IN AND OF ITSELF, PROVIDE AN EXCLUSIVE RIGHT TO USE THIS CORPORATE NAME ON OR IN CONNECTION WITH ANY PRODUCT OR SERVICE. USE OF A NAME AS A TRADEMARK OR SERVICE MARK WILL REQUIRE FURTHER CLEARANCE AND REGISTRATION AND BE AFFECTED BY PRIOR USE OF THE MARK. FOR MORE INFORMATION, CONTACT THE TRADEMARKS DIVISION OF THE SECRETARY OF STATE'S OFFICE AT (803) 734-1728.

Exhibit A

To Paragraph No. 9 of the Articles of Incorporation for
Utilities Services of South Carolina, Inc.

- Article 9(a) Pursuant to authority contained in and granted by S.C. Code Ann. §33-18-220 (or any succeeding statute of like tenor and effect), this corporation elects to operate without bylaws, and the provisions required by law to be contained in the bylaws shall be contained in either these articles of incorporation or in a Shareholder Management Agreement authorized pursuant to and complying with applicable South Carolina laws.
- Article 9(b) Pursuant to authority contained in and granted by S.C. Code Ann. §33-18-210 (or any succeeding statute of like tenor and effect), this corporation elects to operate without a board of directors.
- Article 9(c) This corporation elects to dispense with and have no annual meeting of shareholders unless, pursuant to S.C. Code Ann. §33-18-230(b) (or any succeeding statute of like tenor and effect), one or more shareholders shall deliver written notice to the corporation requesting a meeting at least thirty (30) days before the first business day after the thirty-first day of the month of May. In the event any shareholder meeting is to be held, the location of the meeting may be either within or without the State of South Carolina.
- Article 9(d) The officers of this corporation shall be a president, secretary/treasurer, and any other officer positions specifically authorized by a majority or greater percentage of the votes of the shareholders. In addition to the duties, responsibilities and authority set for officers of this corporation by these articles or the shareholders, all officers shall have the duties, responsibilities and authority allowed by South Carolina law for corporate officers, unless specifically limited by or made subject to duties, responsibilities and authority designated for each officer by a majority or greater percentage of the votes of the shareholders. The same individual may simultaneously hold more than one office in this corporation. The president of this corporation may appoint one or more officers or assistant officers unless prohibited by a majority or greater percentage of the votes of the shareholders.
- Article 9(e) The President and Secretary/Treasurer shall exercise the following authority and perform the following duties:

President: The president shall be the principal executive officer of the corporation and, subject to the control of the shareholders, shall in general supervise and control all of the business and affairs of the corporation.

He/she shall, when present, preside at all meetings of the shareholders. He/she may sign, with the secretary or any other proper officer of the corporation thereunto authorized by the shareholders, certificates for shares of the corporation, deeds, mortgages, bonds, contracts, or other instruments which the shareholders have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the shareholders or these articles to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the shareholders from time to time.

Secretary/Treasurer: The secretary/treasurer shall keep the minutes of the proceedings of the shareholders in one or more books designated for that purpose; see that all notices are duly give as required by law; be custodian of the corporate records and of any seal authorized for the corporation and affix that seal to all executed documents that seal is duly authorized to be affixed; when requested or required, authenticate any records of the corporation; keep a register of the post office address of each shareholder, which shall be furnished to the secretary by each shareholder; sign, with the president, certificates for shares fo the corporation, the issuance of which shall have been authorized by resolution of the shareholders; have general charge of the stock transfer books of the corporation; and generally perform all duties incident to the office of the secretary and such other duties as from time to time may be assigned by the president or by the shareholders; have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for moneys due and payable to the corporation from any source whatsoever; deposit all moneys in the name of the corporation in such banks, trust companies, or other depositories as shall be selected by the president or shareholders; and generally perform all of the duties incident to the office of the treasurer and such other duties as from time to time may be assigned to him by the president and such other duties as may be prescribed by the shareholders from time to time.

Article 9(f) Pursuant to S.C. Code Ann. § 33-6-260 (or any succeeding statute of like tenor and effect), the corporation is authorized to issue some or all of its shares without certificates, to the extent otherwise authorized by law. As a statutory close corporation, all shares issued by the corporation shall be issued with the following notice and restriction:

"The rights of shareholders in a statutory close corporation may differ materially from the rights of shareholders in other corporations. Copies of the articles of incorporation and bylaws, shareholders'

agreements, and other documents, any of which may restrict transfers and affect voting and other rights, may be obtained by a shareholder on written request to the corporation."

Article 9(g) During the time that the corporation elects to operate without a board of directors and consistent with the articles of incorporation, the voting rights of the shareholders may be set forth, amended or otherwise modified by a written Shareholder Management Agreement.

COMPANY	SUBDIVISION	SERVICE	County	DIST.
SUBDIVISIONS				
AAA UTILITIES, INC.	CAPEWOOD	WATER		
AAA UTILITIES, INC.	CAPEWOODII	WATER		
AAA UTILITIES, INC.	CORNERSTONE	WATER		
AAA UTILITIES, INC.	HILTON SOUND	WATER		
AAA UTILITIES, INC.	HUNINGTON PARK	WATER		
AAA UTILITIES, INC.	IRONSTONE	WATER		
AAA UTILITIES, INC.	LAKE SIDE FOREST	WATER		
AAA UTILITIES, INC.	LAND POINT	WATER		
AAA UTILITIES, INC.	LOVE VALLEY	WATER		
AAA UTILITIES, INC.	MAHOGANY RUN	WATER		
AAA UTILITIES, INC.	MALLARD BAY	WATER		
AAA UTILITIES, INC.	MILL POND	WATER		
AAA UTILITIES, INC.	MURRAY HILL ESTATES	WATER		
AAA UTILITIES, INC.	ROCKFORD PLACE S/D	WATER		
AAA UTILITIES, INC.	SOUTHERN PINES	WATER		
AAA UTILITIES, INC.	WILLOW RIDGE	WATER		
ALPINE UTILITIES	ANDREWS COMMONS	SEWER		
ALPINE UTILITIES	BEATTY DOWNS	SEWER		
ALPINE UTILITIES	BONNIE FOREST	SEWER		
ALPINE UTILITIES	CAMBRIDGE STA. APTS.	SEWER		
ALPINE UTILITIES	CARRIAGE HOUSE OF COLA.	SEWER		
ALPINE UTILITIES	CARRINGTON PLACE APTS.	SEWER		
ALPINE UTILITIES	CHARTWELL	SEWER		
ALPINE UTILITIES	COLONY EAST APTS.	SEWER		
ALPINE UTILITIES	COUNTRY TOWNES	SEWER		
ALPINE UTILITIES	COURTYARD APTS., THE	SEWER		
ALPINE UTILITIES	CRICKET HILL APTS.	SEWER		
ALPINE UTILITIES	CROSSROADS APTS., PHASE I	SEWER		
ALPINE UTILITIES	CROSSROADS APTS., PHASE II	SEWER		
ALPINE UTILITIES	CROSSROADS APTS., PHASE III	SEWER		
ALPINE UTILITIES	DENA BANK APTS.	SEWER		
ALPINE UTILITIES	DOTHAN ROAD	SEWER		
ALPINE UTILITIES	DUTCH HAVEN TOWN HOUSES	SEWER		
ALPINE UTILITIES	EVELYN DR.	SEWER		
ALPINE UTILITIES	EVELYN DR. ASSOC.	SEWER		
ALPINE UTILITIES	GROVES	SEWER		
ALPINE UTILITIES	GROVES HOMEOWNERS, THE	SEWER		
ALPINE UTILITIES	HAMPTON PLACE APTS.	SEWER		
ALPINE UTILITIES	HOMEWOOD TERRACE	SEWER		
ALPINE UTILITIES	KAY ST.	SEWER		
ALPINE UTILITIES	LAKEWOOD VILLA APTS.	SEWER		
ALPINE UTILITIES	LAMPLIGHTER VILLAGE	SEWER		
ALPINE UTILITIES	LANDMARK APTS.	SEWER		
ALPINE UTILITIES	MANDEL PARK	SEWER		
ALPINE UTILITIES	OUTLET POINTE	SEWER		
ALPINE UTILITIES	PEACHTREE APTS.	SEWER		
ALPINE UTILITIES	PETAN APTS.	SEWER		
ALPINE UTILITIES	PINE KNOLL	SEWER		
ALPINE UTILITIES	PLUM CHASE APTS.	SEWER		

COMPANY	SUBDIVISION	SERVICE	County	DIST.
ALPINE UTILITIES	PRESTON HILLS	SEWER		
ALPINE UTILITIES	QUARTERS ASSOCIATES	SEWER		
ALPINE UTILITIES	RAINTREE APTS.	SEWER		
ALPINE UTILITIES	RICHLAND-OXFORD ASSOC.	SEWER		
ALPINE UTILITIES	RIVER CHASE APTS.	SEWER		
ALPINE UTILITIES	S.C. EDUCATION ASSOC.	SEWER		
ALPINE UTILITIES	SHERATON HOTEL	SEWER		
ALPINE UTILITIES	SHERWOOD PARK	SEWER		
ALPINE UTILITIES	SIDNEY ROAD LIFT STATION	SEWER		
ALPINE UTILITIES	ST. ANDREWS APTS.	SEWER		
ALPINE UTILITIES	ST. ANDREWS WOODSTOWN HOUSES	SEWER		
ALPINE UTILITIES	STONEYCREEK APTS.	SEWER		
ALPINE UTILITIES	STRATTON PLACE	SEWER		
ALPINE UTILITIES	TRENTON COURT APTS.	SEWER		
ALPINE UTILITIES	VILLAGE CREEK APTS.	SEWER		
ALPINE UTILITIES	WEST PARK	SEWER		
ALPINE UTILITIES	WESTSHIRE	SEWER		
ALPINE UTILITIES	WILLIAMSBURG WEST	SEWER		
ALPINE UTILITIES	WILLOW CREEK APTS.	SEWER		
ASHLEY OAKS	ASHLEY OAKS	WATER		
AVONDALE MILLS, INC.	GRANITEVILLE & VICINITY	BOTH		
BROOKSIDE SEWER DISTRICT (dba) AquaSource	BROOKSIDE VILLAGE	SEWER		
BUSH RIVER UTILITIES, INC.	BUSH RIVER ROAD VICINITY	SEWER		
BUSH RIVER UTILITIES, INC.	DUTCH SQUARE VICINITY	SEWER		
CAROLINA WATER SERV., INC.	BALLENTINE COVE	BOTH		
CAROLINA WATER SERV., INC.	BRIGHTON FOREST	BOTH		
CAROLINA WATER SERV., INC.	CALVIN ACRES	WATER		
CAROLINA WATER SERV., INC.	DUTCHWOOD	BOTH		
CAROLINA WATER SERV., INC.	FALCON RANCHES	WATER		
CAROLINA WATER SERV., INC.	FORTY LOVE POINT	BOTH		
CAROLINA WATER SERV., INC.	FRIARSGATE	SEWER		
CAROLINA WATER SERV., INC.	GLEN VILLAGE	BOTH		
CAROLINA WATER SERV., INC.	GOLDEN POND	BOTH		
CAROLINA WATER SERV., INC.	GOVERNOR'S GRANT S/D	SEWER		
CAROLINA WATER SERV., INC.	GREYLAND FOREST	BOTH		
CAROLINA WATER SERV., INC.	HARBOR PLACE	BOTH		
CAROLINA WATER SERV., INC.	HARBORSIDE	BOTH		
CAROLINA WATER SERV., INC.	HEATHERWOOD	WATER		
CAROLINA WATER SERV., INC.	HIDDEN OAKS	SEWER		
CAROLINA WATER SERV., INC.	HIDDEN VALLEY COUNTRY CLUB	WATER		
CAROLINA WATER SERV., INC.	HIDDEN VALLEY MHP	SEWER		
CAROLINA WATER SERV., INC.	HUNTERS GLEN	WATER		
CAROLINA WATER SERV., INC.	IDLEWOOD	WATER		
CAROLINA WATER SERV., INC.	INDIAN FORKS	BOTH		
CAROLINA WATER SERV., INC.	INDIAN PINES	BOTH		
CAROLINA WATER SERV., INC.	KING'S GRANT	SEWER		
CAROLINA WATER SERV., INC.	LANDINGS, THE	BOTH		
CAROLINA WATER SERV., INC.	LANDS END	BOTH		
CAROLINA WATER SERV., INC.	LAUREL MEADOWS	BOTH		
CAROLINA WATER SERV., INC.	LINCOLNSHIRE	SEWER		
CAROLINA WATER SERV., INC.	MALLARD COVE	BOTH		
CAROLINA WATER SERV., INC.	MALLARD SHORES	BOTH		
CAROLINA WATER SERV., INC.	MEADOWOOD	BOTH		

COMPANY	SUBDIVISION	SERVICE	County	DIST.
CAROLINA WATER SERV., INC.	MINERAL CREEK	BOTH		
CAROLINA WATER SERV., INC.	NORTH LAKE SHORE POINT	SEWER		
CAROLINA WATER SERV., INC.	OAKCREST	BOTH		
CAROLINA WATER SERV., INC.	OAKGROVE ESTATES	BOTH		
CAROLINA WATER SERV., INC.	OAKLAND PLANTATION	SEWER		
CAROLINA WATER SERV., INC.	OAKWOOD	WATER		
CAROLINA WATER SERV., INC.	PALMETTO APTS./ESTATES	SEWER		
CAROLINA WATER SERV., INC.	PEACHTREE ACRES	WATER		
CAROLINA WATER SERV., INC.	PLANTATION RIDGE	SEWER		
CAROLINA WATER SERV., INC.	PLANTER'S STATION	BOTH		
CAROLINA WATER SERV., INC.	POCALLA HEIGHTS	BOTH		
CAROLINA WATER SERV., INC.	POCALLA VILLAGE	BOTH		
CAROLINA WATER SERV., INC.	RIDGEWOOD	WATER		
CAROLINA WATER SERV., INC.	RIVERHILLS PLANTATION	BOTH		
CAROLINA WATER SERV., INC.	ROCKBLUFF	WATER		
CAROLINA WATER SERV., INC.	ROOSEVELT GARDENS	SEWER		
CAROLINA WATER SERV., INC.	SAVANNAH POINT	BOTH		
CAROLINA WATER SERV., INC.	SECRET COVE	SEWER		
CAROLINA WATER SERV., INC.	SHADOWOOD COVE	SEWER		
CAROLINA WATER SERV., INC.	SHEFFIELD	SEWER		
CAROLINA WATER SERV., INC.	SMALLWOOD ESTATES	BOTH		
CAROLINA WATER SERV., INC.	SOUTH WELL	SEWER		
CAROLINA WATER SERV., INC.	SPARROW POINTE	BOTH		
CAROLINA WATER SERV., INC.	SPENCES POINT	BOTH		
CAROLINA WATER SERV., INC.	SPRINGHILL	BOTH		
CAROLINA WATER SERV., INC.	SPRINGLAKE	BOTH		
CAROLINA WATER SERV., INC.	STONEGATE	BOTH		
CAROLINA WATER SERV., INC.	SYCAMORE ACRES	WATER		
CAROLINA WATER SERV., INC.	TATTLERS WHARF	WATER		
CAROLINA WATER SERV., INC.	TEAL ON THE ASHLEY	BOTH		
CAROLINA WATER SERV., INC.	TIMBERGATE	BOTH		
CAROLINA WATER SERV., INC.	WESTSIDE TERRACE	WATER		
CAROLINA WATER SERV., INC.	WINDWARD POINT	BOTH		
CAROLINA WATER SERV., INC.	WOODBERRY FOREST	WATER		
CAROLINA WATER SERV., INC.	WOODCASTLE	BOTH		
CAROLINA WATER SERV., INC.	WOODSEN	SEWER		
COURTENAY UTILITIES, INC. c/o U.S. UTILITIES, INC.	NEWRY & VICINITY	BOTH		
COX (J.C.) UTILITIES, INC.	FOREST HILLS	SEWER		
CUC, INC.	CALLAWASSIE ISLAND	BOTH		
CUC, INC.	CHECHESSEE BLUFFS	BOTH		
CUC, INC.	SPRING ISLAND	BOTH		
DEVELOPMENT SERVICE, INC.	DUTCH SQUARE VICINITY	SEWER		
DEVELOPMENT SERVICE, INC.	DUTCHBROOK	SEWER		
DOWD WATER SYSTEMS, INC.	EMERALD SHORES	WATER		
DOWD WATER SYSTEMS, INC.	ISLE OF PINES	WATER		
DOWD WATER SYSTEMS, INC.	STEPHENSON LAKES	WATER		
E & R PARTNERSHIP	GIN POND SUBDIVISION	WATER		
E & R PARTNERSHIP	LAKE MARION SHORES	WATER		
EAGLE POINT WATER CO., INC.	EAGLE POINT	WATER		
ELGIN ESTATES, INC.	ELGIN ESTATES	SEWER		
FERGUSON WATER SYSTEM	LAKE SECESSION	WATER		
GA. WATER & WELL SERV., INC.		WATER		
FLOYDVILLE COMMUNITY WATER SYS	ANGLER'S HAVEN	WATER		
FLOYDVILLE COMMUNITY WATER	FLOYDVILLE #1	WATER		

COMPANY	SUBDIVISION	SERVICE	County	DIST.
SYS				
FLOYDVILLE COMMUNITY WATER SYS	LAKE BREEZE	WATER		
GATEWOOD TREATMENT PLANT	GATEWOOD	SEWER		
GNATO'S UTILITY	GNATO'S ACRES	WATER		
GOAT ISL. WATER & SEWER CO. INC.	ISLAND SUBDIVISION	BOTH		
GUERIN CREEK WWATER UTILITY INC	GUERIN CREEK S/D	SEWER		
H & H ENTERPRISES	FOREST LAKE	WATER		
HAIG POINT UTILITY CO., INC.	HAIG POINT PLANTATION AREA	BOTH		
HARBOR ISLAND UTILITIES, INC. % TSG WATER RESOURCES	HARBOR ISLAND	BOTH		
HARE (A.D.) WATER WORKS INC	HUNNINGTON	WATER		
HARE (A.D.) WATER WORKS INC	PINOPOLIS	WATER		
HYDE PARK WATER CO.	HYDE PARK	WATER		
JACKSON MILLS	JACKSON MILLS VILLAGE	SEWER		
K.C., INC.	K.C., INC. MOBILE HOME PARKS	SEWER		
KIAWAH ISLAND UTILITIES, INC.	KIAWAH ISLAND	BOTH		
LAKE PRINCETON WATER CO.	LAKE PRINCETON S/D	WATER		
LAKE WYLIE COMMUNITY UTILITIES	SOUTHWOOD	BOTH		
MADERA UTILITIES, INC.	HEATHERWOOD	SEWER		
MADERA UTILITIES, INC.	WHISPERING PINES	SEWER		
MELROSE UTILITY CO. c/o CLUB CORP REALTY	BLOODY POINT S/D	BOTH		
MELROSE UTILITY CO. c/o CLUB CORP REALTY	MELROSE PLANTATION	BOTH		
MELROSE UTILITY CO. c/o CLUB CORP REALTY	OAK RIDGE S/D	BOTH		
MID SOUTH WATER SYSTEMS, INC	MACO COMMERCIAL PARK	BOTH		
MID SOUTH WATER SYSTEMS, INC	TARA PLANTATION	BOTH		
MIDLANDS UTILITY, INC.	ARBORGATE	SEWER		
MIDLANDS UTILITY, INC.	BELLEMEDE	SEWER		
MIDLANDS UTILITY, INC.	CHARWOOD	SEWER		
MIDLANDS UTILITY, INC.	DUTCH VILLAGE	SEWER		
MIDLANDS UTILITY, INC.	FOX GLEN	SEWER		
MIDLANDS UTILITY, INC.	H & H ONE STOP	SEWER		
MIDLANDS UTILITY, INC.	MALLARD TRACE	SEWER		
MIDLANDS UTILITY, INC.	MONTCLAIRE S/D	SEWER		
MIDLANDS UTILITY, INC.	NORTHWOOD ESATES	SEWER		
MIDLANDS UTILITY, INC.	PARKWOOD	SEWER		
MIDLANDS UTILITY, INC.	PRIORITY CONSTRUCTION CO.	SEWER		
MIDLANDS UTILITY, INC.	RAINTREE ACRES	SEWER		
MIDLANDS UTILITY, INC.	ROYAL HILLS	SEWER		
MIDLANDS UTILITY, INC.	STONEWOOD	SEWER		
MIDLANDS UTILITY, INC.	TIMBERLAND PLACE	SEWER		
MIDLANDS UTILITY, INC.	VANARSDALE	SEWER		
MIDLANDS UTILITY, INC.	VELLA, (PAT) PROPERTY	SEWER		
MIDLANDS UTILITY, INC.	WESTGATE	SEWER		
MIDLANDS UTILITY, INC.	WINDY HILL	SEWER		

COMPANY	SUBDIVISION	SERVICE	County	DIST.
MOORE SEWER	MADERA SUBDIVISION	SEWER	SPART.	
MT. BAY ESTATES UTIL. CO., INC. % TESI	FOXWOOD HILLS	BOTH		
OCEAN LAKES UTILITIES, INC.	OCEAN LAKES CAMP GROUND	BOTH		
PALMETTO UTILITIES	HIGHLANDS S/D	SEWER		
PALMETTO UTILITIES, INC.	BRIARCLIFFE ESTATES/VICINYS	SEWER		
PALMETTO UTILITIES, INC.	VALHALLA	SEWER		
PALMETTO UTILITIES, INC.	WILDWOOD	SEWER		
PALMETTO UTILITIES OF SPARTANBURG, INC.	LINVILLE HILLS	SEWER		
PIEDMONT WATER CO. INC.	GAULEY FALLS	WATER		
PINEBROOK OF SPARTANBURG	PINEBROOK	BOTH		
PINEY GROVE UTILITIES, INC.	ALLBENE PARK	WATER		
PINEY GROVE UTILITIES, INC.	FRANKLIN PARK	WATER		
PINEY GROVE UTILITIES, INC.	LLOYDWOOD	WATER		
PM UTILITIES	LOOK-UP FOREST S/D	SEWER		
PRITCHARDVILLE % TSG HOLDING	VERDIER VIEW S/D	WATER		
QUAIL HOLLOW UTILITIES, INC.	QUAIL HOLLOW	SEWER		
QUAIL RIDGE WATER CO., INC.	QUAIL RIDGE SHORES	WATER		
RALPH'S MOBILE HOME PARK	RALPH'S MOBILE HOME PARK	WATER		
RIVER PINES WATER SYSTEM, INC.	RIVER PINES	BOTH		
RURAL WATER CO.	GREENWOOD SHORES 1	BOTH		
RURAL WATER CO.	GREENWOOD SHORES 2	BOTH		
RURAL WATER CO.	HARLESS SEYMORE	BOTH		
RURAL WATER CO.	NORTHFALL ACRES	BOTH		
RURAL WATER CO.	PINEHURST	BOTH		
S.C. UTILITIES, INC.	GEM LAKES ESTATES	WATER		
S.C. WATER & SEWER, INC.	ARROWHEAD SHORES	WATER		
S.C. WATER & SEWER, INC.	BELLEMEDE	WATER		
S.C. WATER & SEWER, INC.	CHARLESWOOD	WATER		
S.C. WATER & SEWER, INC.	CHARWOOD	WATER		
S.C. WATER & SEWER, INC.	DUTCH CREEK/RAINTREE ACRES	WATER		
S.C. WATER & SEWER, INC.	DUTCH VILLAGE	WATER		
S.C. WATER & SEWER, INC.	DUTCHMAN SHORES	WATER		
S.C. WATER & SEWER, INC.	DUTMAN ACRES	WATER		
S.C. WATER & SEWER, INC.	EMMA TERRACE	WATER		
S.C. WATER & SEWER, INC.	FARROWOOD	WATER		
S.C. WATER & SEWER, INC.	FOXTRAIL	WATER		
S.C. WATER & SEWER, INC.	GLENN VILLAGE	WATER		
S.C. WATER & SEWER, INC.	HARMON ESTATES	WATER		
S.C. WATER & SEWER, INC.	HERMITAGE, THE	WATER		
S.C. WATER & SEWER, INC.	HILTON PLACE	WATER		
S.C. WATER & SEWER, INC.	INDIAN COVE	WATER		
S.C. WATER & SEWER, INC.	LAKE VILLAGE	WATER		
S.C. WATER & SEWER, INC.	LAKEWOOD ESTATES	WATER		
S.C. WATER & SEWER, INC.	LEXINGTON ESTATES	WATER		
S.C. WATER & SEWER, INC.	LEXINGTON FARMS	WATER		
S.C. WATER & SEWER, INC.	MELMONT SHORES	WATER		
S.C. WATER & SEWER, INC.	MURRAY LODGE	WATER		

COMPANY	SUBDIVISION	SERVICE	County	DIST.
S.C. WATER & SEWER, INC.	MURRAY PARK	WATER		
S.C. WATER & SEWER, INC.	OAKLAND PLANTATION	WATER		
S.C. WATER & SEWER, INC.	OAKRIDGE HUNT CLUB	WATER		
S.C. WATER & SEWER, INC.	PARKWOOD	WATER		
S.C. WATER & SEWER, INC.	RAINTREE ACRES/DUTCH CREEK	WATER		
S.C. WATER & SEWER, INC.	SANGAREE	WATER		
S.C. WATER & SEWER, INC.	SHOALS, THE	WATER		
S.C. WATER & SEWER, INC.	SOUTH CONGAREE	WATER		
S.C. WATER & SEWER, INC.	SPRINGFIELD ACRES	WATER		
S.C. WATER & SEWER, INC.	TANGLEWOOD	WATER		
S.C. WATER & SEWER, INC.	TANYA TERRACE	WATER		
S.C. WATER & SEWER, INC.	VANARSDALE	WATER		
S.C. WATER & SEWER, INC.	WASHINGTON HEIGHTS	WATER		
S.C. WATER & SEWER, INC.	WINDY HILL	WATER		
SB & CS, INC.	SCENIC HEIGHTS MHP	SEWER		
SCOTLAND YARD UTILITY	SCOTLAND YARD CROSSING	WATER	CTY.	
SHERWOOD UTILITIES, CO.	DALE VALLEY MOBILE HOME PARK	BOTH		
SHERWOOD UTILITIES, CO.	SHERWOOD MOBILE HOME PARK	BOTH		
SHOALS SEWER CO.	SHOALS	SEWER		
SIGFIELD WATER CO.	SIGFIELD GOLF RESORT	WATER		
SOUTH ATLANTIC UTILITIES, INC.	MAY RIVER PLANTATION	WATER		
SOUTHLAND UTILITIES, INC.	CEDARWOOD	WATER		
SOUTHLAND UTILITIES, INC.	CREEKWOOD	WATER		
STARTEX UTILITY SYSTEM, INC.	STARTEX	BOTH		
SUBURBAN WATER SYSTEM	BUNDRICK ROAD S/D	WATER		
SWAMP FOX UTILITIES, INC.	PATRIOT PLACE APTS	SEWER		
T.J. BARNWELL UTILITY, INC.	PLEASANT POINT PLANTATION	SEWER	BEAU.	
TEGA CAY WATER SERVICE, INC.	SNAPPER POINT	BOTH		
TEGA CAY WATER SERVICE, INC.	TEGA CAY	BOTH		
UNITED UTILITY CO., INC.	BRIARCREEK	SEWER		
UNITED UTILITY CO., INC.	CANTERBURY	SEWER		
UNITED UTILITY CO., INC.	CHAMBERT FOREST	SEWER		
UNITED UTILITY CO., INC.	FAIRWOOD	SEWER		
UNITED UTILITY CO., INC.	HIGHLAND FOREST	SEWER		
UNITED UTILITY CO., INC.	KINGSWOOD	WATER		
UNITED UTILITY CO., INC.	RIVER FOREST	WATER		
UNITED UTILITY CO., INC.	STONECREEK	SEWER		
UNITED UTILITY CO., INC.	TROLLINGWOOD	BOTH		
UNITED UTILITY CO., INC.	VALLEYBROOK	SEWER		
UNITED UTILITY CO., INC.	VILLAGE, THE	SEWER		
UNITED UTILITY CO., INC.	WINDY LANE	WATER		
UNITED UTILITY CO., INC.	WOODMONT ESTATES	WATER		
UPSTATE WATER RESOURCES, INC	BAY RIDGE	WATER		
UPSTATE WATER RESOURCES, INC	CEDAR CREEK	WATER		

COMPANY	SUBDIVISION	SERVICE	County	DIST.
UPSTATE WATER RESOURCES, INC	KEOWEE BAY S/D	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	BARNEY RHETT	WATER		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	BELLEMEDE	WATER		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	BRIDGEWATER	WATER		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	CALHOUN ACRES	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	BROWN BOROUGH	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	CAMERON ACRES	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	CARROWOODS	BOTH		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	CLEARVIEW HEIGHTS	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	COUNTRY OAK	BOTH		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	DOBBINS ESTATES	WATER		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	EDGEBROOK	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	FARM POND ACRES	WATER		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	FIELDCREST ACRES	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	FOXWOOD	BOTH		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	GREEN FOREST	WATER		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	HAYNIE BUILDERS	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	HICKORY HILL	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	HIDDEN LAKE	WATER		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	HIDDEN LAKE	WATER		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	HILL AND DALE	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	KIMS ACRES/BETHESDA	WATER		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	LAKEWOOD	WATER		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	LEON BOLT	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER	LESLIE DALE	WATER		

COMPANY	SUBDIVISION	SERVICE	County	DIST.
CORP				
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	LESLIE WOODS S/D	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	MALLARD LAKES	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	MIDDLESTREAM	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	MOORE PLACE	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	NEAL'S ACRES	WATER		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	NEVITT FOREST	WATER		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	NORMANDY PARK	WATER		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	OAKWOOD	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	OLDE FARM PLACE	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	OLYMPIC ACRES	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	PEPPER RIDGE	WATER		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	PINE COVE S/D	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	PLEASANT HILL	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	POP'S ACRES	WATER		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	PURDY PLANTATION	WATER		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	PURDY SHORES	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	RAWLINSON PLANTATION	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	RIDGEWOOD	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	RIVER BEND ESTATES	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	SHANDON	BOTH		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	SHERWOOD FOREST	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	SHILOH QUARTERS	WATER		
UTILITIES OF S.C.	SILVER LAKES	WATER		

COMPANY	SUBDIVISION	SERVICE	County	DIST.
(dba) BLUE RIBBON WATER CORP				
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	SOUTH BEND ESTATES	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	SPRINGLAKE	WATER		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	SURSIDE HEIGHTS	WATER		
UTILITIES OF S.C. (dba) UPSTATE HEATER UTIL, INC	TOWN CREEK ACRES	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	VALLEYMERE	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	WESLEYWOOD	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	WINDY RUN	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	WINTERCREST	WATER		
UTILITIES OF S.C. (dba) BLUE RIBBON WATER CORP	WOODBIDGE	WATER		
WATER SUPPLY CO., INC.	RIDGE CREST	WATER		
WATER SUPPLY CO., INC.	WILD MEADOWS	WATER		
WATER SUPPLY CO., INC.	WILD TURKEY	WATER		
WOODLAND UTILITIES, INC.	NEW SOUTH SQ. APTS.	SEWER		
WOODLAND UTILITIES, INC.	SEVEN OAKS ELEM. SCH.	SEWER		
WOODLAND UTILITIES, INC.	ST. ANDREWS UNION 76	SEWER		
WOODLAND UTILITIES, INC.	WOODLAND HILLS	SEWER		
WOODLAND UTILITIES, INC.	WOODLAND VILLAGE APTS.	SEWER		
WRIGHT'S PLUMBING & UTIL., INC		WATER		
WYBOO WATER DEPARTMENT	LAKE SHORES ESTATES	WATER		

AGREEMENT FOR PURCHASE AND SALE OF
WATER AND WASTEWATER ASSETS

By and Between

UTILITIES OF SOUTH CAROLINA, INC.

Seller

and

UTILITIES, INC.

Purchaser

TABLE OF CONTENTS

	<u>Page</u>
1. <u>RECITALS</u>	1
2. <u>COVENANT TO PURCHASE AND SELL; ASSUMPTION OF LIABILITIES; DESCRIPTION OF PURCHASED ASSETS</u>	1
3. <u>PURCHASE PRICE</u>	4
4. <u>REPRESENTATIONS AND WARRANTIES OF SELLER</u>	5
5. <u>REPRESENTATIONS AND WARRANTIES OF PURCHASER</u>	12
6. <u>TITLE INSURANCE AND PERMITTED ENCUMBRANCES</u>	13
7. <u>CONDITIONS PRECEDENT TO CLOSING</u>	15
8. <u>PRE-CLOSING CONDUCT; COVENANTS</u>	19
9. <u>TERMINATION OF AGREEMENT</u>	23
10. <u>CLOSING DATE AND CLOSING</u>	25
11. <u>INDEMNIFICATION</u>	28
12. <u>POST CLOSING COOPERATION</u>	31
13. <u>COMMISSION MATTERS</u>	32
14. <u>MISCELLANEOUS PROVISIONS</u>	32

ATTACHMENTS

Schedule "A" (Real Property)
Schedule "B" (Easements, Licenses, Etc.)
Schedule "C" (Treatment Plants, Etc.)
Schedule "D" (Permits, Etc.)
Schedule "E" (Computers and Software)
Schedule "F" (Vehicles and Equipment)
Schedule "G" (Assumed Agreements)
Schedule "H" (Other Excluded Assets)
Schedule "I" (Seller's Disclosure Schedule)
Schedule "J" (Purchaser's Disclosure Schedule)
Schedule "K" (Other Permitted Encumbrances)
Schedule "L" (Key Employees)
Schedule "M" (Assumed Liabilities)
Exhibit "A" (Escrow Agreement)

AGREEMENT FOR PURCHASE AND SALE OF
WATER AND WASTEWATER ASSETS

THIS AGREEMENT ("Agreement") is made this 10th day of December, 2001, by and between Utilities of South Carolina, Inc., a South Carolina corporation (hereafter "Seller"), whose address is 21 Burns Lane, Charleston, South Carolina 29401, and Utilities, Inc., an Illinois corporation (hereafter "Purchaser"), whose address is 2335 Sanders Road, Northbrook, Illinois 60062.

WHEREAS, Seller owns and operates a potable water production, treatment, storage, transmission and distribution system ("Water System") and a sanitary wastewater collection, treatment and effluent disposal system ("Wastewater System") (collectively, "Utility System"), which are located in various parts of the State of South Carolina and commonly known as Utilities of South Carolina, Inc.;

WHEREAS, Seller operates the Utility System under the jurisdiction of the Public Service Commission of South Carolina ("Commission"), which has authorized Seller to provide water and wastewater service to Seller's service area in South Carolina;

WHEREAS, Purchaser is willing to purchase and Seller is willing to sell the Utility System upon the terms and conditions contained in this Agreement;

NOW, THEREFORE, in consideration of the foregoing recitals and benefits to be derived from the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Seller and Purchaser hereby agree to sell and purchase the Utility System upon the following terms and conditions:

1. RECITALS. The foregoing recitals are true and correct and are incorporated herein.
2. COVENANT TO PURCHASE AND SELL; ASSUMPTION OF LIABILITIES; DESCRIPTION OF PURCHASED ASSETS.
 - a. Purchaser shall purchase from Seller, and Seller shall sell to Purchaser, all of Seller's right, title and interest in and to the Purchased Assets (as defined below) upon the terms, and subject to the conditions, set forth in this Agreement.
 - b. "Purchased Assets" shall include all assets, business properties and rights, both tangible and intangible, that

Seller owns or leases and that are used primarily in connection with the Utility System, including, but not limited to:

- i. The real property and interests in real property owned by Seller, and all buildings and improvements located thereon owned by Seller, as identified in **Schedule "A"** to this Agreement.
- ii. All easements, licenses, prescriptive rights (to the extent transferable), rights-of-way and rights to use public and private roads, highways, streets and other areas owned or used by Seller for the construction, operation and maintenance of the Utility System, as identified in **Schedule "B"** to this Agreement.
- iii. All water treatment plants, water supply and distribution facilities, wastewater collection, treatment and disposal facilities of every kind and description whatsoever, including but not limited to pumps, plants, tanks, lift stations, transmission mains, distribution mains, supply pipes, collection pipes or facilities, irrigation quality water and effluent disposal facilities, valves, meters, meter boxes, service connections and all other physical facilities, equipment and property installations owned by Seller and used primarily in connection with the Utility System, together with all additions or replacements thereto, as identified in **Schedule "C"** to this Agreement.
- iv. All certificates, immunities, privileges, permits, license rights, consents, grants, ordinances, leaseholds and rights to construct, maintain and operate the Utility System and its plants and systems for the procuring, treatment, storage and distribution of potable water and the collection and disposal of wastewater and every right of every character whatever in connection therewith, and the obligations thereof; including from all agencies for the supply of water to the Utility System; all water rights, flowage rights and riparian rights and all renewals, extensions, additions or modifications of any of the foregoing; together with all rights granted to Seller thereunder, as identified in **Schedule "D"**

to this Agreement; to the extent that Seller's rights to the foregoing are transferable.

- v. All items of inventory owned by Seller on the Closing Date.
 - vi. All computers and software owned or leased by Seller and utilized in the operation and billings made with respect to the Utility System, as identified in Schedule "E" to this Agreement.
 - vii. All vehicles and equipment owned or leased by Seller, as identified in Schedule "F" to this Agreement.
 - viii. All supplier lists, customer records, prints, plans, engineering reports, surveys, specifications, shop drawings, equipment manuals and other information in Seller's possession or control that are reasonably required by Purchaser to operate the Utility System as it is currently operated.
 - ix. All sets of record drawings, including as-built drawings, showing all facilities of the Utility System, including all original tracings, sepias or other reproducible materials in Seller's possession or control.
 - x. All rights of Seller under all developer agreements entered into between Seller and owners or developers of property with respect to water and wastewater service (the "Developer Agreements") and such other agreements as shall be assumed by Purchaser hereunder, all as identified in Schedule "G" to this Agreement (collectively, the "Assumed Agreements").
- c. The following assets are excluded from the Purchased Assets:
- i. Cash, accounts receivable, bank accounts, equity and debt securities of any nature, deposits maintained by Seller with any governmental authority, utility deposits and prepaid expenses of Seller, which are Seller's sole property and are not subject to refund to customers, including developers or others.

- ii. Escrow and other Seller provisions for payment of federal and state income taxes.
 - iii. The name "Utilities of South Carolina, Inc."
 - iv. The assets set forth in Schedule "H" to this Agreement.
- d. Purchaser shall assume from Seller the Assumed Liabilities (as defined below).
3. PURCHASE PRICE. Purchaser shall pay to Seller, subject to the adjustments and prorations referenced herein, a total purchase price in the amount of [REDACTED] less the aggregate amount of customer deposits and accounts payable assumed by Purchaser pursuant hereto ("Purchase Price"), separate from, but subject to, the Escrow Agreement referenced in Section 3.c of this Agreement. Payment of the Purchase Price shall be made as follows:
- a. Not less than two (2) business days before Closing, Seller shall deliver to Purchaser a reasonably detailed estimate of the aggregate amount as of the Closing Date of the customer deposits and accounts payable to be assumed by Purchaser at Closing pursuant hereto (the "Estimated Reduction Amount."). At Closing, separate from, but subject to, the Escrow Agreement, Purchaser shall pay Seller [REDACTED] less the Estimated Reduction Amount, in immediately available federal funds, by wire-to-wire transfer to an account designated by Seller.
 - b. Not later than sixty (60) days after the Closing Date, Seller shall deliver to Purchaser a reasonably detailed calculation of the actual aggregate amount of the customer deposits and accounts payable assumed by Purchaser at Closing pursuant hereto (the "Actual Reduction Amount"). In the event of a dispute over the Actual Reduction Amount that is not resolved within fifteen (15) days after delivery of the foregoing calculation, Purchaser and Seller shall promptly submit the issues in dispute to an accounting firm agreed upon by Purchaser and Seller, or in the absence of agreement, by an accounting firm appointed in accordance with the recommendation of the American Arbitration Association, the costs of which shall be borne one-half by Purchaser and one-half by Seller and whose determination shall be conclusive and binding on the parties hereto. If the

Actual Reduction Amount is less than the Estimated Reduction Amount, then within five (5) business days after the Actual Reduction Amount is finally determined, Purchaser shall pay the difference, plus interest on the difference at the prime rate last published in the "Money Rates" section of the Wall Street Journal prior to the Closing Date, to Seller in immediately available federal funds by wire-to-wire transfer to an account designated by Seller. If the Actual Reduction Amount is greater than the Estimated Reduction Amount, then within five (5) business days after the Actual Reduction Amount is finally determined, Seller shall pay the difference, plus interest on the difference at the prime rate last published in the "Money Rates" section of the Wall Street Journal prior to the Closing Date, to Purchaser in immediately available federal funds by wire-to-wire transfer to an account designated by Purchaser.

- c. At Closing, separate from the Estimated Reduction Amount, Purchaser shall deposit [REDACTED] in immediately available federal funds with the Escrow Agent pursuant to the escrow agreement attached as **Exhibit "A"** ("Escrow Agreement"), to be distributed in accordance with the terms and conditions of the Escrow Agreement.

4. REPRESENTATIONS AND WARRANTIES OF SELLER. As a material inducement to Purchaser to execute this Agreement and perform its obligations hereunder, Seller represents and warrants to Purchaser that, except as set forth in the disclosure schedule attached as Schedule "I" to this Agreement, which disclosure schedule is arranged in sections corresponding to the Sections of this Agreement (the "Seller's Disclosure Schedule"):

- a. Seller is duly organized, validly existing and in good standing under the laws of the State of South Carolina. Seller has all requisite corporate power and authority to carry on its business as now being conducted, to enter into this Agreement and to carry out and perform the terms and conditions of this Agreement.
- b. Thomas B. Pickens III is the sole shareholder of Seller.
- c. The execution, delivery and performance of this Agreement by Seller and the consummation by Seller of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on the part of Seller.

- d. This Agreement constitutes, and all other agreements to be executed by Seller pursuant hereto will constitute when executed and delivered, valid and binding obligations of Seller, enforceable in accordance with their terms.
- e. The execution, delivery and performance of this Agreement by Seller and the consummation by Seller of the transactions contemplated hereby, do not and will not (i) violate any provision of law applicable to Seller or the articles of incorporation or bylaws of Seller; (ii) require the consent, waiver, approval, license or authorization of, or filing with, any person or entity; or (iii) with or without the giving of notice or the passage of time or both, conflict with or result in a breach or termination of, constitute a default under or result in the creation of any lien, charge or encumbrance upon any of the assets of Seller pursuant to, any provision of any mortgage, deed of trust, indenture or other agreement or instrument, or any order, judgment, decree or other restriction of any kind or character, to which Seller is a party or by which Seller or any of its assets may be bound.
- f. There are no legal actions, suits, mediations, arbitrations or other legal or administrative proceedings pending or threatened against Seller that are reasonably likely to have an adverse effect on its properties, assets or business; and Seller is unaware of any facts that are reasonably likely to result in any action, suit, mediation, arbitration or other proceeding that might result in any adverse change in the business or condition (financial or otherwise) of Seller or its properties or assets. Seller is not in default with respect to any judgment, order or decree of any court or any governmental agency or instrumentality.
- g. Seller has not currently been cited or notified, and is unaware, of any violation of any governmental rules, regulations, permitting conditions or other governmental requirements of any type or nature applicable to the ownership, maintenance, construction or operation of the Utility System, nor is Seller aware of any conditions, which by reason of the passing of time or the giving of notice, would constitute such a violation.
- h. Seller has delivered to Purchaser a balance sheet of Seller as of July 31, 2001 and a related statement of

income of Seller for the seven months then ended (such balance sheet and related statement of income are hereinafter collectively called the "Financial Statements"). The Financial Statements are in accordance with the books and records of Seller and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis and present fairly the financial condition of Seller as of such date and the results of operations of Seller for such period; provided, however, that the Financial Statements are subject to normal year-end adjustments, which will not materially change the Financial Statements individually or in the aggregate, and lack footnotes and other presentation items. At the close of business on July 31, 2001, Seller did not have any indebtedness, liabilities, obligations or loss contingencies (within the meaning of Statement of Financial Accounting Standards No. 5), contingent, inchoate, liquidated or unliquidated, that were required to have been, but were not, fully reflected, reserved against or disclosed on the foregoing balance sheet in accordance with generally accepted accounting principles.

i. Since July 31, 2001, Seller has not:

- i. Incurred any obligations or liabilities, whether absolute, accrued, contingent or otherwise, for which Purchaser would have any liability or obligation that are not included in the Assumed Liabilities;
- ii. Mortgaged, pledged or subjected to lien or any other encumbrances or charges, any of its tangible or intangible assets, which will not be discharged at or prior to Closing;
- iii. Sold or transferred any of its assets, except in the ordinary course of business;
- iv. Suffered any damage, destruction or loss (whether or not covered by insurance) of substantial value affecting the properties, business or prospects of Seller, or waived any rights of substantial value; or
- v. Entered into any transaction other than in the ordinary course of business.

- j. Schedule "A" to this Agreement identifies all parcels of land, together with all existing buildings and improvements erected thereon, that Seller owns ("Real Property"). Seller has exclusive possession, control, ownership and good and marketable title to all Real Property. The Real Property is subject to no mortgage, pledge, lien, charge, security interest, encumbrance or restriction except Permitted Encumbrances. At Closing, Seller shall deliver title to such Real Property by Warranty Deed, free and clear of all debts, liens, pledges, charges or encumbrances, whatsoever, other than Permitted Encumbrances.
- k. Seller has exclusive ownership, possession, control and good and merchantable title to all remaining Purchased Assets owned by it other than the Real Property, including without limitation, those reflected in the Financial Statements (except as may have been sold by Seller in the ordinary course of business with Purchaser's knowledge and consent), and those used or located on property controlled by Seller in its business on the date of this Agreement. The remaining Purchased Assets other than the Real Property are subject to no mortgage, pledge, lien, charge, security interest, encumbrance or restriction except Permitted Encumbrances. At Closing, Seller shall deliver title to the remaining Purchased Assets other than the Real Property free and clear of all debts, liens, pledges, charges or encumbrances, whatsoever, other than Permitted Encumbrances.
- l. Seller has not been threatened with any action or proceeding under any building or zoning ordinance, regulation or law.
- m. Environmental Law Compliance.
 - i. Definitions.
 - (1) "Environmental Law" means any federal, state or local statute, order, regulation, ordinance or common law or equitable doctrine relating to the protection of human health or the environment in effect as of the Closing Date and includes, but is not limited to, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") (42 U.S.C. § 9601 et seq.), the

Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clear Water Act (33 U.S.C. § 1251 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), and the Safe Drinking Water Act, (42 U.S.C. § 300f et seq.), as such have been amended or supplemented as of the Closing Date, and the regulations promulgated pursuant thereto, and in effect as of the Closing Date.

- (2) "Hazardous Material" means petroleum or any substance, material or waste which is regulated under any Environmental Law in the jurisdictions in which Seller conducts its business including, without limitation, any material or substance that is defined as or considered to be a "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "pollutant," "toxic waste," or "toxic substance" under any provision of Environmental Law.
- (3) "Release" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge or dispersal into the environment, at or from any property owned or operated by Seller or related to Hazardous Materials generated by Seller.
- (4) "Remedial Action" means all actions required to (1) clean up, remove or treat any Hazardous Material; (2) prevent the Release or threat of Release, or minimize the further Release of any Hazardous Material so it does not endanger or threaten to endanger public health or welfare or the environment; or (3) perform pre-remedial studies and investigations or post-remedial monitoring and care directly related to or in connection with any such remedial action.

ii. Representations:

- (1) To Seller's knowledge, Seller is in compliance with all applicable Environmental

Laws and has no liability thereunder, and there is no reasonable basis for any such liability.

- (2) Seller has obtained all permits required, or has submitted applications for such permits in a timely manner, under applicable Environmental Laws necessary for the operation of its business as presently conducted as of the date of this Agreement.
- (3) Seller has not received within the last three years and is not aware of any pending communication from any governmental authority or other party with respect to (1) the actual or alleged violation of any Environmental Laws; (2) any actual or proposed Remedial Action; or (3) any Release or threatened Release of a Hazardous Material.
- (4) To Seller's knowledge, no polychlorinated biphenyl or asbestos-containing materials are present in violation of Environmental Law at any property owned, operated or leased by Seller, and, to Seller's knowledge, there are no underground storage tanks, active or abandoned, at any property owned, operated or leased by Seller.
- (5) To Seller's knowledge, there is no Hazardous Material located, in violation of Environmental Law, at any site that is owned, leased, operated or managed by Seller other than chemicals used for treatment (such as chlorine); no site that is owned, leased, operated or managed by Seller is listed or formally proposed for listing under CERCLA, the Comprehensive Environmental Response, Compensation Liability Information System ("CERCLIS") or on any similar state list that is the subject of federal, state or local enforcement actions or other investigations that may lead to claims against Seller for clean-up costs, remedial work, damages to natural resources, or for personal injury claims, including, but not limited to,

claims under CERCLA; and there is no reasonable basis for Seller to be named in such claims or for any similar action to be brought against Seller.

(6) No written notification of a Release of a Hazardous Material has been filed by or on behalf of Seller or with respect to any property when owned, operated or leased by Seller. No such property is listed or proposed for listing on the National Priority List promulgated pursuant to CERCLA, or CERCLIS, or any similar state list of sites requiring investigation or clean up.

(7) To Seller's knowledge, no Hazardous Material has been Released in violation of Environmental Law at, on or under any property now or when formerly owned, operated or leased by Seller; and, to Seller's knowledge, no Hazardous Material has been Released in violation of Environmental Law at, on or under any such property before such property was owned, operated or leased by Seller.

n. Seller has (i) duly filed with the appropriate governmental authorities all tax returns required to be filed by it, and such tax returns are true, correct, and complete in all respects; and (ii) duly paid in full or made adequate provision for the payment of all Taxes (as defined below) that are due and payable with respect to all periods ending prior to the Closing Date, or otherwise allocable to a period ending prior to the Closing Date. Seller is not a party to any action or proceeding, nor is any such action or proceeding threatened, by any governmental taxing authority for the assessment or collection of any Taxes, and no deficiency notices or reports have been received by Seller with respect to any deficiencies for Taxes. There are no outstanding requests, agreements, consents or waivers to extend the statutory period of limitations applicable to the assessment of any Taxes or deficiencies against Seller. Seller is not a party to any agreement providing for the allocation or sharing of Taxes.

Seller has received no communication from either the Internal Revenue Service or the South Carolina Department of Revenue within three (3) years prior to the Closing Date reflecting any deficiencies in Taxes due and owing.

For purposes of this Agreement, the term "Taxes" shall mean all taxes, charges, fees, levies or other assessments, including without limitation, income, gross receipts, excise, property, sales, withholding, social security, occupation, use, service, service use, license, payroll, franchise, transfer and recording taxes, fees and charges imposed by the United States, or any state, local or foreign government or subdivision or agency thereof, whether computed on a separate, consolidated, unitary, combined or any other basis; and such term shall include any interest, fines, penalties or additional amounts attributable or imposed or with respect to any such taxes, charges, fees, levies or other assessments, but shall not include any of the foregoing arising out of, or associated with, the transactions contemplated by this Agreement.

- o. The Commission has authorized Seller to conduct its present operations in the manner in which such operations are now conducted and in all of the territory in which it now renders service, and to maintain its mains and pipes in the streets and highways of such territories.
- p. Seller has not dealt with either a broker, salesman or finder in connection with any part of the transaction contemplated by this Agreement, and, insofar as it knows, no broker, salesman or other person is entitled to any commission or fee with respect to such transaction as a result of Seller's actions.

5. REPRESENTATIONS AND WARRANTIES OF PURCHASER. As a material inducement to Seller to execute this Agreement and to perform its obligations thereunder, Purchaser represents and warrants to Seller that, except as set forth in the disclosure schedule attached as Schedule "J" to this Agreement, which disclosure schedule is arranged in sections corresponding to the Sections of this Agreement ("Purchaser's Disclosure Schedule") as follows:

- a. Purchaser is duly organized, validly existing and in good standing under the laws of the State of Illinois. Purchaser has all requisite corporate power and authority to carry on its business as now being conducted, to enter

into this Agreement, and to carry out and perform the terms and conditions of this Agreement.

- b. The execution, delivery and performance of this Agreement by Purchaser, and the consummation by Purchaser of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on the part of Purchaser.
- c. This Agreement constitutes, and all other agreements to be executed by Purchaser in connection herewith will constitute when executed and delivered, valid and binding obligations of Purchaser, enforceable in accordance with their terms.
- d. The execution, delivery and performance of this Agreement by Purchaser, and the consummation by Purchaser of the transactions contemplated hereby, do not and will not (i) violate any provision of law applicable to Purchaser or the articles of incorporation or bylaws of Purchaser; (ii) require the consent, waiver, approval, license or authorization of, or filing with, any person or entity; or (iii) with or without the giving of notice or the passage of time or both, conflict with or result in a breach or termination of, constitute a default under or result in the creation of any lien, charge or encumbrance upon any of the assets of Purchaser pursuant to, any provision of any mortgage, deed of trust, indenture or other agreement or instrument, or any order, judgment, decree or other restriction of any kind or character, to which Purchaser is a party or by which Purchaser or any of its assets may be bound.
- e. Purchaser shall, subsequent to Closing, and consistent with prudent business practices, industry standards applicable thereto, and the requirements of the appropriate governmental agencies having jurisdiction over the assets and businesses of the Utility System, provide water and wastewater services to all properties, improvements thereon and the occupants thereof, located within Seller's service area after connection has been made, in a uniform and nondiscriminatory manner with other property and property owners served by Purchaser.
- f. Purchaser has not dealt with either a broker, salesman or finder in connection with any part of the transaction contemplated by this Agreement, and, in so far as it

knows, no broker, salesman or other person is entitled to any commission or fee with respect to such transaction.

6. TITLE INSURANCE AND PERMITTED ENCUMBRANCES.

- a. Seller shall use its commercially reasonable best efforts to cause to be issued and delivered, no later than thirty (30) days after execution of this Agreement, a current title insurance commitment issued by a title company licensed to do business in the state of South Carolina, covering the fee simple Real Property and easements included in the Purchased Assets, which shall be in an amount to be determined by Purchaser with notice thereof being given to Seller by Purchaser as soon as reasonably practicable. The cost of the title insurance commitment and title insurance shall be borne one-half by Seller and one-half by Purchaser. The title insurance commitment shall commit the insurer to issue owner's title insurance policies to Purchaser covering the fee simple Real Property portion of the Purchased Assets (substantially in accordance with the ALTA Standard Owner's Form B), reflecting title to the Real Property to be marketable or insurable, except for the Permitted Encumbrances (as defined below), the standard printed exceptions usually contained in an owner's title insurance policy, and the standard exclusions from coverage; provided, however, that the title insurance company shall delete the standard exceptions customarily deleted for materialman's liens and mechanic's liens. To the extent that it is able to do so, Seller shall execute at or prior to Closing, in favor of the title insurance company, the appropriate mechanic's lien affidavit and "Gap" affidavit sufficient to allow the title insurance company to delete all standard exceptions addressed by such affidavits.

Purchaser shall notify Seller in writing no less than ten (10) days after receipt of such title insurance commitment, of any alleged defect in Seller's title to the Real Property, other than those accepted herein and the Permitted Encumbrances (such written notice to include all exceptions, encumbrances, liens, easements, covenants, restrictions or other defects in Seller's title to the Real Property other than the Permitted Encumbrances, which render or may render Seller's title to the Real Property unmarketable in accordance with applicable standards or uninsurable). Seller shall have fifteen (15) days after receipt of Purchaser's notice, to eliminate all of the objections to title set forth in

Purchaser's notice. However, in no event shall Seller be required to bring suit or expend any sum in excess of [REDACTED] in the aggregate to cure title defects, exclusive of mortgages against the Property, which are in a liquidated amount or Seller has an obligation to discharge on or before Closing pursuant to the terms of this Agreement. If Seller fails to deliver title as herein provided, then Purchaser may:

- i. Accept such title as Seller is able to convey with a mutually agreed upon abatement of the Purchase Price;
 - ii. Reject title to the affected parcel and either proceed to Closing without such title, with a mutually agreed upon abatement of the Purchase Price, or terminate this Agreement with no liability for damages from either Purchaser or Seller.
- b. If Purchaser terminates this Agreement as provided above, no party shall have any further liability to any other party under this Agreement. Purchaser shall not object to title by reason of the existence of (i) any mortgage, lien, encumbrance, covenant, restriction or other matter that may be satisfied with a payment of money and Seller elects to do so by paying same at or prior to the Closing Date; (ii) any mechanic's lien or other encumbrance which can be released of record, bonded or transferred of record to substitute security so as to relieve the Real Property from the burden thereof and Seller elects to do so at or prior to Closing; or (iii) any mortgage, lien, encumbrance, covenant, restriction or other matter that the title insurance company issuing the title insurance commitments affirmatively insures-over.
- c. As used in this Agreement, "Permitted Encumbrances" shall mean and include the following:
- i. All present and future building restrictions, zoning regulations, laws, ordinances, resolutions, regulations and orders of any governmental authority having jurisdiction over the Real Property and the use thereof.
 - ii. Easements, restrictions, reservations, rights-of-way, conditions and limitations of record, if any, which are not coupled with any reverter or

forfeiture provisions, including (without limitation) any drainage, canal, mineral, road or other reservations of record in favor of the State of South Carolina or any of its agencies or governmental or quasi-governmental entities, none of which, however, shall adversely impair or restrict the use of the Real Property for the operation of the Utility System.

- iii. The matters listed in Schedule "K".
- iv. Such other matters as are permitted under the terms of this Agreement or any Developer Agreement.

7. CONDITIONS PRECEDENT TO CLOSING.

- a. Conditions to the Obligation of Purchaser. The obligation of Purchaser to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:
 - i. Seller or Purchaser, individually or collectively, as the case may be, shall have obtained all regulatory approvals from the Commission and such other agencies in South Carolina as are necessary to consummate the transaction contemplated by this Agreement, including the transfer of all applicable permits necessary to operate the Utility System.
 - ii. Purchaser shall have secured continued employment of the employees of Seller listed on Schedule "L" to this Agreement for the Utility System upon terms and conditions satisfactory to Purchaser.
 - iii. Neither party shall be prohibited by administrative or judicial decree or law from consummating the transaction.
 - iv. There shall not be pending on the Closing Date any legal action or proceeding that prohibits the purchase or sale of the Purchased Assets or prohibits Purchaser or Seller from closing the transaction or Purchaser from paying the Purchase Price, or that inhibits or restricts in any manner Purchaser's use, title or enjoyment of the Purchased Assets.

- v. The Board of Directors and shareholder of Seller shall have ratified and approved the execution of this Agreement and authorized the sale of the Purchased Assets and certified copies of the resolutions evidencing such ratification and approval shall have been delivered to Purchaser.
- vi. Seller shall have performed in all respects all of the undertakings required to be performed by it under the terms of this Agreement prior to or at Closing.
- vii. Between the date of this Agreement and the Closing Date, there shall have been no adverse change in the applicable law, or in the condition or value of the Purchased Assets or the Utility System.
- viii. All warranties and representations of Seller shall be true in all respects as of the Closing Date, except to the extent they specifically refer to another date.
- ix. Seller shall have delivered to Purchaser a certificate stating that:
 - (1) Seller is not prohibited by administrative or judicial decree or law from consummating the transaction contemplated hereby.
 - (2) There is not pending on the Closing Date any legal action or proceeding that hinders the ability of Seller to close the transaction.
 - (3) All warranties and representations of Seller contained in this Agreement are true and correct in all respects as of the Closing Date, except that representations regarding the Financial Statements are true and correct in all respects as of the date of the Financial Statements.
 - (4) Seller has performed in all respects all of the undertakings required to be performed by it under the terms of this Agreement prior to or at Closing.

- x. The closing of the sales to Purchaser of substantially all of the assets of each of U.S. Utilities, Inc., Utilities of Kentucky, Inc., South Carolina Water and Sewer, LLC, and Georgia Water and Sewer, LLC shall occur prior to or simultaneously with the Closing.
- xi. Seller shall have delivered to Purchaser, within ten business days after the date of this Agreement, complete Schedules containing all information and identifying in detail all items or documents supporting the Schedules. Purchaser shall have 45 days from receipt of the completed Schedules to review the Schedules and supporting documentation. Seller shall cooperate with Purchaser in making all such documentation available for review at Seller's place of business or such other place as Seller and Purchaser may agree. At the completion of the 45 day review period, Purchaser shall have ten business days to accept or reject the Schedules prepared by Seller. If Purchaser rejects the Schedules, Purchaser may terminate this Agreement pursuant to Section 9.

Purchaser may waive any condition specified in this Section 7.a. if it executes a writing so stating at or prior to the Closing.

- b. Conditions to the Obligation of Seller. The obligation of Seller to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:
 - i. Seller or Purchaser, individually or collectively, as the case may be, shall have obtained all regulatory approvals from the Commission and such other agencies in South Carolina as are necessary to consummate the transaction contemplated by this Agreement, including the transfer of all applicable permits necessary to operate the Utility System.
 - ii. Neither party shall be prohibited by administrative or judicial decree or law from consummating the transaction.

- iii. There shall not be pending on the Closing Date any legal action or proceeding that prohibits the purchase or sale of the Purchased Assets or prohibits Purchaser or Seller from closing the transaction or Purchaser from paying the Purchase Price, or that inhibits or restricts in any manner Purchaser's use, title or enjoyment of the Purchased Assets.
- iv. The Board of Directors of Purchaser shall have ratified and approved the execution of this Agreement and authorized the purchase of the Purchased Assets and certified copies of the resolutions evidencing such ratification and approval shall have been delivered to Seller.
- v. Purchaser shall have performed in all respects all of the undertakings required to be performed by it under the terms of this Agreement prior to or at Closing.
- vi. All warranties and representations of Purchaser shall be true in all respects as of the Closing Date, except to the extent they specifically refer to another date.
- vii. Purchaser shall have delivered to Seller a certificate stating that:
 - (1) Purchaser is not prohibited by administrative or judicial decree or law from consummating the transaction contemplated hereby.
 - (2) There is not pending on the Closing Date any legal action or proceeding that hinders the ability of Purchaser to close the transaction.
 - (3) All warranties and representations of Purchaser contained in this Agreement are true and correct in all respects as of the Closing Date.
 - (4) Purchaser has performed in all respects all of the undertakings required to be performed by it under the terms of this Agreement prior to or at Closing.

- (5) The closing of the sales to Purchaser of substantially all of the assets of each of U.S. Utilities, Inc., Utilities of Kentucky, Inc., South Carolina Water and Sewer, LLC, and Georgia Water and Sewer, LLC shall occur prior to or simultaneously with the Closing.

Seller may waive any condition specified in this Section 7.b. if it executes a writing so stating at or prior to the Closing.

8. PRE-CLOSING CONDUCT; COVENANTS. Prior to the Closing Date, the parties covenant to each other, and shall conduct themselves, as follows:

- a. Within five (5) business days after the date of this Agreement, Seller shall either furnish to Purchaser, or provide Purchaser with ready access to the following, to the extent they are in the possession of Seller, its employees, representatives or agents:
 - i. Copies of all plans and specifications showing the Utility System as now constructed (as-built), including any under construction, together with a detailed engineering map showing the water transmission lines, wastewater collection lines, lift stations, effluent disposal facilities, and appurtenances as now constructed, and all other facilities constituting the Utility System.
 - ii. Copies of all orders of the Commission with respect to the Utility System, and any correspondence within the last two years between Seller and the Commission with respect thereto.
 - iii. A schedule and copies of all Developer Agreements, including a schedule of the number of connections reserved by each Developer Agreement for which there has been no connection as of the Closing Date.
 - iv. A schedule and copies of all other agreements entered into between Seller and other parties in connection with Seller's operation of the Utility System, including but not limited to, leasehold agreements, operator and vendor contracts, and

construction contracts. Such schedule shall also reflect the terms of any oral agreements, if any.

- v. Depreciation and amortization schedules identifying substantially all equipment, computers, software, vehicles, tools, parts, laboratory equipment, office equipment, and all other personal property owned or leased by Seller and used in connection with the operation of the Utility System.
- vi. A schedule and copies of documents reflecting the rates, fees, charges and tariffs of Seller.
- vii. Copies of permits, applications or other documents, together with effective dates and expiration dates (if any), demonstrating approval of the facilities of the Utility System by all applicable governmental authorities, including, but not limited to: (a) the South Carolina Department of Health and Environmental Control, (b) the United States Environmental Protection Agency and (c) the Commission.
- viii. A list of customer deposits or advance facility charges and accounts receivable by name and account number, setting forth the amount of each individual deposit or receivable and the aggregate totals.
- ix. A map on which there is outlined the present and anticipated Commission-authorized service area of Seller.
- x. A copy of the annual reports filed by Seller with the Commission for the calendar years 1999 and 2000.
- xi. A copy of all warranties held by Seller with respect to completed, or in progress, construction work with respect to the Utility System, in addition to, a copy of all warranties held by Seller with respect to the Purchased Assets.
- xii. Copies of bank statements for each of the most recent twelve (12) months.

- xiii. Copies of any and all effective insurance policies with respect to Seller, the Purchased Assets and the Utility System.
 - xiv. Legal descriptions of the Real Property.
 - xv. Copies of all recorded and unrecorded easements, licenses and rights-of-way owned and used by Seller for the construction, operation and maintenance of the Utility System.
 - xvi. A budget of Seller's capital expenditures for the years 2000 through 2005.
- b. During the period between the date of this Agreement and the Closing Date, Seller shall:
- i. Operate and maintain the Utility System and Purchased Assets in a normal and usual manner, in compliance with all applicable laws and regulations, and in accordance with Seller's business plan, to ensure that the condition of the Utility System and the Purchased Assets shall not be diminished or depleted, normal wear and tear excepted;
 - ii. Promptly notify Purchaser of any notification received by Seller from any person, business, or agency of any existing, or potential, Environmental Law violation;
 - iii. Make no unbudgeted capital expenditures in excess of \$100,000 without the prior written consent of Purchaser; however, Seller shall, nevertheless, remain solely responsible for the cost of repair, maintenance, compliance and operation of the Utility System and Purchased Assets until the Closing Date;
 - iv. Provide Purchaser, or its designated agent(s), with unrestricted access to the premises, Utility System, Purchased Assets, Seller's books and records, employees, agents or representatives, on reasonable advance notice and during business hours.

- v. Promptly notify Purchaser of any event, activity or occurrence that has, or may have, an adverse effect on Seller or this transaction.
 - vi. Not disclose the existence of this Agreement or the proposed sale to developers unless Seller is required to do so by law, court order or contract, or the sale becomes public knowledge. In addition, Seller shall not accept payment for Connection Charges (as defined in Section 10.e.) at a rate lower than the applicable tariffs require in order to receive early payment of those Connection Charges. If Seller violates this covenant, the Purchase Price shall be reduced accordingly by the amount of any such Connection Charges that are paid in advance as the result of offering a discount.
- c. During the period of time between the date of this Agreement and the Closing Date, Seller shall maintain its existing levels of insurance.
 - d. From the date of this Agreement until the Closing Date Seller shall not, without the prior written consent of Purchaser, enter into any new developer agreements other than in the ordinary course of business or modify any existing Developer Agreements other than in the ordinary course of business. Copies of any such proposed developer agreements or modifications shall be promptly delivered to Purchaser, and upon Purchaser's consent shall be included in the definition of "Developer Agreements" and deemed to be included in Schedule "G" to this Agreement.
 - e. Purchaser may cause to be performed, at its expense, a Phase I Environmental Survey of each parcel of Real Property. If the survey discloses a reasonable likelihood of the presence of any Hazardous Material on any such parcel, Purchaser may either (i) terminate this Agreement, in which event no party shall have any liability to any other party, (ii) proceed to Closing, with or without purchasing the affected parcel of Real Property, with an agreed upon abatement of the Purchase Price or (iii) request Seller to, and Seller may (but shall not be required to), permit Purchaser to cause to be performed, at its expense, a Phase II Environmental Study of such parcel. If Seller refuses to permit Purchaser to have performed a Phase II Environmental

Study, Purchaser may terminate this Agreement. If a Phase II Environmental Study is performed and discloses the presence of any Hazardous Material on such parcel, Purchaser may (i) terminate this Agreement or (ii) request Seller to perform such clean-up and remediation as is necessary thereunder. Upon Seller's failure to perform such clean-up and remediation, Purchaser may either (i) terminate this Agreement, in which event no party shall have any liability to any other party, or (ii) proceed to Closing, with or without purchasing the affected parcel of Real Property, with an agreed upon abatement of the Purchase Price.

- f. Except as may be expressly required by law or as may have been expressly approved by Seller in writing, Purchaser shall maintain in strict confidence, and shall not disclose to anyone other than its employees, attorneys and consultants who have a need to know in order to consummate the transactions contemplated by this Agreement (and who shall be bound by a similar obligation of confidentiality), any information regarding Seller, its business, this Agreement and the transactions, unless and until the Closing Date; provided, however, that this restriction shall not apply to information that has entered the public domain without violation of any confidentiality obligation hereunder.

9. TERMINATION OF AGREEMENT.

- a. This Agreement may be terminated (i) by mutual written consent of the parties, or (ii) as provided in subparagraphs b. and c. below.
- b. Purchaser may terminate this Agreement, in its sole discretion, upon the occurrence of any of the following:
 - i. The failure to obtain final approval from the Commission authorizing the transfer of assets contemplated by this Agreement or any other regulatory approval or transfer of permit necessary to operate the Utility System on or before June 30, 2002.
 - ii. The Closing shall not have occurred on or before June 30, 2002 by reason of the failure of any condition precedent under Section 7.a. hereof (unless the failure results primarily from Purchaser itself breaching any representation,

warranty, or covenant contained in this Agreement).

- iii. Any breach of this Agreement by Seller, including, but not limited to, a breach of any representation, warranty, covenant or obligation, if Seller has not cured such breach within thirty (30) days after notice from Purchaser; provided, however, such breach must in any event be cured prior to the Closing Date unless the date for cure has been extended by Purchaser.
 - iv. Any other basis for termination on behalf of Purchaser otherwise set forth in this Agreement.
- c. Seller may terminate this Agreement, in its sole discretion, upon the occurrence of any of the following:
- i. The failure to obtain final approval from the Commission authorizing the transfer of assets contemplated by this Agreement or any other regulatory approval or transfer of permit necessary to operate the Utility System on or before June 30, 2002.
 - ii. The Closing shall not have occurred on or before June 30, 2002 by reason of the failure of any condition precedent under Section 7.b. hereof (unless the failure results primarily from Seller itself breaching any representation, warranty, or covenant contained in this Agreement).
 - iii. Any breach of this Agreement by Purchaser, including, but not limited to, a breach of any representation, warranty, covenant or obligation, if Purchaser has not cured such breach within thirty (30) days after notice from Seller; provided, however, such breach must in any event be cured prior to the Closing Date unless the date for cure has been extended by Seller.
 - iv. Any other basis for termination on behalf of Seller otherwise set forth in this Agreement.
- d. Upon the occurrence of any of the bases for termination of this Agreement, the party seeking to terminate this Agreement shall provide written notice of its termination

of this Agreement to the other by delivering the same as provided in Section 14.b.

- e. Upon the termination of this Agreement, the following shall occur:
 - i. Each party shall return all documents given to it by the other, including copies, in its possession, or in the possession of its agents and consultants to the other, as the case may be. Each party, its agents and consultants, shall treat any information previously received as confidential, and shall not disclose or use such information.
 - ii. Except as otherwise set forth in this Agreement, each party shall be responsible for payment of its own attorney and other professional fees and other costs of any nature whatsoever incurred prior to the termination of this Agreement.
- f. In the event of termination of this Agreement, this Agreement shall forthwith become void and (except for the willful breach of this Agreement by any party hereto) there shall be no liability on the part of Purchaser or Seller, or their respective officers or directors, other than as provided for herein; provided, however, that Sections 9.e. and 14 and all provisions providing for the bearing of expenses shall survive the termination of this Agreement.

10. CLOSING DATE AND CLOSING.

- a. This transaction shall be closed within five (5) business days after the satisfaction or waiver of all conditions to Closing contemplated by this Agreement ("Closing Date"), but in no event later than June 30, 2002, unless advanced or extended by mutual agreement of the parties, at a location mutually acceptable to both parties.
- b. The Closing shall occur at the offices of McNair Law Firm, P.A. in Columbia, South Carolina, although the parties may agree to conduct the closing through other means not requiring their physical presence.
- c. At Closing:

- i. Title to the Purchased Assets shall be conveyed to the Purchaser by Warranty Deed, bill of sale or assignment, as the case may be, free of all claims, liens or encumbrances, whatsoever, other than Permitted Encumbrances.
- ii. All documentary stamp fees, if required, on the deeds of conveyance of the Real Property included in the Purchased Assets shall be paid by Seller.
- iii. Real property and personal property taxes on the Purchased Assets and Utility System, and any other applicable taxes, shall be prorated as of the Closing Date and Seller shall be required to pay its share at or prior to Closing. All other taxes and assessments accrued or owed by Seller as of the date of Closing, with respect to the Purchased Assets, shall be and remain the obligation of Seller. All other taxes and assessments imposed or attempted to be imposed from and after the date of Closing, with respect to the Purchased Assets, shall be the obligation of Purchaser.
- iv. Purchaser shall assume Seller's liabilities and obligations set forth in Schedule "M" to this Agreement ("Assumed Liabilities") by executing and delivering such instruments of assignment and assumption as shall be mutually acceptable to Seller and Purchaser.
- v. All transfers required or necessary hereunder shall take place, including transfer of permits necessary to operate the Utility System, unless extended by mutual consent.
- vi. Purchaser shall reimburse or credit Seller for the cost of all additional capital improvements made to the Utility System by or on behalf of Purchaser prior to the Closing Date, provided Purchaser has requested such improvements.
- vii. Seller and Purchaser shall execute the Escrow Agreement.
- viii. Purchaser shall make the payment contemplated by Section 3.a. to Seller and the escrow deposit contemplated by Section 3.c. to the Escrow Agent.

ix. Seller shall deliver to Purchaser, in a form reasonably acceptable to Purchaser, an opinion of Seller's counsel substantially to the effect that:

- a. Seller is a corporation validly existing and in good standing under the laws of the State of South Carolina.
- b. This Agreement has been duly and validly executed and approved by Seller and is a valid and binding agreement upon Seller.
- c. The execution, delivery and performance by Seller of this Agreement will not violate (a) any agreement listed on Annex A hereto or (b) any law applicable to Seller the violation of which would have a material adverse effect on the Purchased Assets or on Seller's ability to consummate the transactions contemplated by this Agreement or perform its obligations under this Agreement.

Purchaser shall deliver to Seller a list of the agreements to be listed on Annex A to the opinion simultaneously with its acceptance of the Schedules pursuant to Section 7.a.xi.

x. Purchaser shall deliver to Seller, in a form reasonably acceptable to Seller, an opinion of Purchaser's counsel substantially to the effect that:

- a. Purchaser is a corporation validly existing and in good standing under the laws of the State of Illinois.
- b. This Agreement has been duly and validly executed and approved by Purchaser and is a valid and binding agreement upon Purchaser.
- c. The execution, delivery and performance by Purchaser of this Agreement will not violate (a) any material agreement of Purchaser or (b) any law applicable to Purchaser the violation of which would have a material

adverse effect on Purchaser's ability to consummate the transactions contemplated by this Agreement or perform its obligations under this Agreement.

- d. The parties recognize that the Closing may be established during the normal billing cycle of Seller. The gross revenues from water and wastewater services rendered, but not yet billed ("Unbilled Revenue") as of the date of Closing, shall be paid to Seller within ten (10) days of Purchaser's collection thereof. Purchaser shall utilize the same methods of collecting the Unbilled Revenue as it would if such Unbilled Revenue was its own. Except as set forth above, Purchaser shall be entitled to all Utility System revenue earned from the Closing Date forward.
- e. Connection Charges (defined as connection, plant capacity, main extension, capital or other charges paid for the availability of utility services) received by Seller prior to the date of this Agreement, shall be retained by Seller. Further, all Connection Charges received by Seller after the date of this Agreement, but prior to Closing, shall be retained by Seller. Connection Charges paid after the Closing Date shall be the property of Purchaser. If Seller violates the covenant contained in Section 8.b.vi., the Purchase Price shall be reduced accordingly by the amount of any such Connection Charges that are paid in advance as the result of offering a discount.
- f. Seller's ordinary operating expenses other than employment-related expenses for the billing periods in which the Closing occurs shall be prorated on a per-day basis, with the portions of the billing periods through and including the Closing Date being allocated to Seller and the portions of the billing periods after the Closing Date being allocated to Purchaser. Seller and Purchaser each agrees to reimburse the other for its pro rata share of the aforementioned operating expenses. Purchaser and Seller shall cooperate in determining the foregoing prorations as soon as is reasonably practicable after the Closing, and Purchaser and Seller each agrees to pay any amount due to the other promptly after such determination is made.
- g. Each of the parties shall pay the fees of its own attorneys, bankers, engineers, accountants, and other

professional advisers or consultants in connection with the negotiation, preparation and execution of this Agreement, and any documents associated with the Closing.

- h. All bills for services, materials and supplies rendered in connection with the operation of the Utility System prior to Closing, including but not limited to electricity for a period up to and including the Closing Date, that are not included in the Assumed Liabilities shall be paid by Seller.

11. INDEMNIFICATION.

- a. Seller shall save and hold Purchaser and its directors, officers, employees and agents (hereafter "Purchaser Indemnified Parties"), harmless from, and indemnify the Purchaser Indemnified Parties against, any and all losses or damages, claims, demands, deficiencies, liabilities, obligations, costs and/or expenses (including, but not limited to reasonable administrative, trial, and appellate attorney fees and costs incurred in connection with investigating, preparing to defend or defending any action, suit or proceeding commenced, or threatened, or any claim whatsoever) suffered by any of the Purchaser Indemnified Parties, whether accrued, absolute, contingent or otherwise, which result from:
 - i. Any misrepresentation by Seller of a material fact contained in this Agreement, or a breach of a representation or warranty, with respect to which Purchaser notifies Seller in writing within the applicable survival period as set forth in paragraph d. below, specifying the breach in detail;
 - ii. Any breach by Seller of its covenants or obligations hereunder;
 - iii. Any and all claims by developers under Developer Agreements known to Seller that are not disclosed to Purchaser, for acts or promises other than as set out in the Developer Agreements; or
 - iv. Any promise made by Seller that was not disclosed by Seller and that Seller or Purchaser is forced, by action of law, to honor.

- b. Seller shall indemnify Purchaser and hold it harmless against any claim, cost, expense, liability or loss (including reasonable trial and appellate attorneys fees and costs) incurred or suffered as a result of any broker's or salesman's commission or finders fee alleged to be payable because of any statements, acts or omissions of Seller. Similarly, Purchaser shall indemnify Seller and hold it harmless against any claim, cost, expense, liability or loss (including reasonable trial and appellate attorneys fees and costs) incurred or suffered as a result of any broker's or salesman's commission or finders fee alleged to be payable because of any statements, acts or omissions of Purchaser.
- c. Purchaser shall save and hold Seller and its representatives, beneficiaries, employees and agents (hereinafter "Seller Indemnified Parties"), harmless from, and indemnify the Seller Indemnified Parties against, any and all losses or damages, claims, demands, deficiencies, liabilities, obligations, costs and/or expenses (including but not limited to reasonable administrative, trial, and appellate attorneys' fees and court costs incurred in connection with investigating, preparing to defend, or defending any action, suit or proceeding commenced, or threatened, or any claim whatsoever) suffered by any of the Seller Indemnified Parties, whether accrued, absolute, contingent or otherwise, and which result from:
 - i. Any misrepresentation by Purchaser of a material fact contained in this Agreement, or a breach of a representation or warranty, with respect to which Seller notifies Purchaser in writing within the applicable survival period as set forth in paragraph d. below, specifying the breach in detail;
 - ii. Any breach by Purchaser of its covenants or obligations herein; or
 - iii. The operation or activities of Purchaser on or after the Closing Date, including, but not limited to, with respect to the Assumed Liabilities.
- d. The respective representations and warranties of the parties contained in this Agreement shall survive the

consummation of the transactions contemplated hereby and continue for the duration of the Escrow Agreement.

- e. The amount for which an indemnified party shall receive indemnification hereunder shall be reduced by any insurance proceeds or other payments received by the indemnified party in respect of the indemnified matter.
- f. Each party hereto shall give the indemnifying party prompt written notice of any claim, assertion, event or proceeding by or in respect of a third party of which it has knowledge concerning any liability or damage as to which it may request indemnification hereunder. The party providing indemnification shall have the right at all times to control the defense or settlement of any such claim or proceeding through counsel of its own choosing, and to settle any and all such claims made.
- g. Any party claiming indemnification hereunder with respect to the falsity of any representations or warranties herein must give notice to the other party of its claim for indemnification within the time period herein for the survival of the applicable representation or warranty.
- h. Other than payments made pursuant to the Escrow Agreement, Seller shall not have any obligation to make indemnification payments hereunder unless and until its total indemnification obligations hereunder exceed [REDACTED], whereupon Seller shall make payments with respect to its indemnification obligations in excess of [REDACTED] up to the limit specified in the following sentence. The obligation of Seller to make indemnification payments shall be limited to paying not more than the amount deposited into escrow pursuant to the Escrow Agreement. Similarly, Purchaser shall not have any obligation to make indemnification payments hereunder unless and until its total indemnification obligations hereunder exceed [REDACTED], whereupon Purchaser shall make payments with respect to its indemnification obligations in excess of [REDACTED] up to the limit specified in the following sentence. The obligation of Purchaser to make indemnification payments shall be limited to paying not more than the amount deposited into escrow pursuant to the Escrow Agreement.

12. POST CLOSING COOPERATION.

- a. Seller and Purchaser shall, at any time and from time to time after the Closing Date, upon reasonable request of the other party, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, all such further documents, acts, deeds, assignments, transfers, powers of attorney and assurances as may be required in order to implement and perform any of the obligations, covenants and agreements of the parties.
- b. Each of the parties hereto shall provide the other with such assistance as reasonably may be requested in connection with the preparation of any tax return, audit or other examination by any taxing authority or any judicial or administrative proceedings relating to liability for taxes relating to the transactions contemplated by this Agreement. Subject to the provisions of sub-paragraph e. hereof, each party shall retain and provide the other with any records or information that may be relevant to such return, audit or examination, proceedings or determination. Such assistance shall include making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder and shall include providing copies of any relevant tax returns and supporting work schedules. The party requesting assistance hereunder shall reimburse the other for reasonable out-of-pocket expenses incurred in providing such assistance.
- c. In the event that, after the Closing Date, any of the parties hereto shall require the participation of the other or of officers and employees employed by the other to aid in the defense or prosecution of litigation or claims, and so long as there exists no conflict of interest between the parties, each party shall use its best efforts to be available or to make such officers and employees reasonably available to participate in such defense or prosecution; provided, however, that the party requiring the participation of such officers or employees shall pay all reasonable out-of-pocket costs, charges and expenses arising from such participation.
- d. Where there is a legitimate purpose not injurious to the other party and not related to prospective competition by such party with another party hereto, or if there is an audit by the IRS, other governmental inquiry or

litigation or prospective litigation to which Purchaser or Seller is or may become a party, making necessary any access to the records of or relating to Seller held by Purchaser or making necessary Purchaser's access to records of or relating to the operations of Seller held by any entity other than Seller, each of them shall allow (or, in the case of records of or relating to the operations of Seller held by any entity other than Seller, use its reasonable best efforts to cause to be allowed) representatives of the other party access to such records during regular business hours at such party's place of business for the sole purpose of obtaining information for use as aforesaid.

- e. Any party at any time, upon not less than 90 days' prior written notice to the other parties hereto, may dispose of the records in its possession relating to the Purchased Assets and the business related thereto, in accordance with its respective record retention policies; provided, however, that a party may, at its own cost and expense, retain, or make arrangements for the retention of, records in the possession of another party to which it would have a right of access under sub-paragraph d., if it notifies, in writing, such party that it desires to retain such records.

- 13. COMMISSION MATTERS. Within five (5) business days after Purchaser's acceptance of the Schedules pursuant to Section 7.a.xi (but not before such acceptance unless Seller and Purchaser and Seller so agree), Seller and Purchaser shall jointly petition the Commission for approval of the transfer of the Utility System to Purchaser. Seller shall file any reports, if required, and satisfy its outstanding state gross receipts tax obligations, if any, through the Closing Date. Each party shall bear its own costs and expenses in connection with this approval process.

- 14. MISCELLANEOUS PROVISIONS.

- a. This Agreement, the Schedules hereto, and the documents referred to herein, collectively embody the entire agreement and understandings between the parties and there are no other agreements or understandings, oral or written, with reference to this Agreement that are not merged into and superseded by this Agreement. This Agreement may be executed in one or more counterparts, each of which shall be considered an original.

- b. Any notice or other document required or allowed to be given pursuant to this Agreement or the Escrow Agreement by either party to the other shall be in writing and shall be delivered personally, or by recognized overnight courier or sent by certified mail, postage prepaid, return receipt requested, or by facsimile transmission with written confirmation.

If to Seller, such Notice shall be addressed to Seller at:

Utilities of South Carolina, Inc.
c/o Willard S. Detweiler, President/CEO
337 King Street
Charleston, South Carolina 29401

with a copy to:

McNair Law Firm, P.A.
1301 Gervais Street, 17th Floor
Columbia, South Carolina 29201
Attn: Elizabeth Bowe Anders

If to Purchaser, such notice shall be addressed to Purchaser at:

Utilities, Inc.
c/o James Camaren, Chairman and CEO
2335 Sanders Road
Northbrook, Illinois 60062

with a copy to:

Rose, Sundstrom & Bentley, LLP
c/o William E. Sundstrom, P.A.
2548 Blairstone Pines Drive
Tallahassee, Florida 32301

- c. The headings used are for convenience only, and they shall be disregarded in the construction of this Agreement.
- d. The drafting of this Agreement constituted a joint effort of the parties, and in the interpretation hereof it shall be assumed that no party had any more input or influence than any other. All words, terms, and conditions herein contained are to be read in concert, each with the other, and a provision contained under one heading may be

considered to be equally applicable under another heading in the interpretation of this Agreement.


- e. This Agreement is solely for the benefit of the parties hereto and no other causes of action shall accrue upon or by reason hereof to or for the benefit of any third party, who or which is not a formal party hereto other than a Seller Indemnified Party or a Purchaser Indemnified Party.
- f. In the event any term or provision of this Agreement is determined by appropriate judicial authority to be illegal or otherwise invalid, such provision shall be given its nearest legal meaning or be construed as deleted, as such authority determines, and the remainder of this Agreement shall be construed to be in full force and effect.
- g. In the event of any litigation that arises between the parties with respect to this Agreement, the prevailing party shall be entitled to reasonable attorney fees and court costs at all trial and appellate levels.
- h. Unless otherwise agreed between the parties, this Agreement may be amended or modified only if executed in writing and signed by the parties hereto.
- i. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Illinois.
- j. This Agreement shall be binding upon and inure to the benefit of the parties' successors and assigns. Neither Purchaser nor Seller shall transfer or assign this Agreement or any rights, duties or obligations created herein, except, however, Purchaser may assign its rights and obligations under this Agreement to a wholly-owned subsidiary now in existence or hereafter created for the purpose of consummating this transaction, in which case Purchaser nonetheless shall remain responsible for the performance of all of its obligations hereunder.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have hereunto caused this Agreement to be executed the day and year aforesaid in counterparts, each counterpart to be considered an original.


Seller:

UTILITIES OF SOUTH CAROLINA, INC.


By: Thomas B. Pickens, III
Chairman

Purchaser:

UTILITIES, INC.


By: Jim Camaren
Chairman and CEO

SCHEDULE "A"
(Real Property)

SCHEDULE "B"
(Easements, Licenses, etc.)

SCHEDULE "C"
(Treatment Plants, etc.)

SCHEDULE "D"
(Permits, etc.)

SCHEDULE "E"
(Computers and Software)

SCHEDULE "F"
(Vehicles and Equipment)

SCHEDULE "G"
(Developer Agreements)

Schedule "H"
(Other Excluded Assets)

Schedule "I"
(Seller's Disclosure Schedule)

Schedule "J"
(Purchaser's Disclosure Schedule)

Schedule "K"
(Other Permitted Encumbrances)

Schedule "L"
(Key Employees)

Schedule "M"
(Assumed Liabilities)

EXHIBIT "A"
(Escrow Agreement)

AGREEMENT FOR PURCHASE AND SALE OF
WATER AND WASTEWATER ASSETS

By and Between

SOUTH CAROLINA WATER AND SEWER, LLC

Seller

and

UTILITIES, INC.

Purchaser

0

TABLE OF CONTENTS

	<u>Page</u>
1. <u>RECITALS</u>	1
2. <u>COVENANT TO PURCHASE AND SELL; ASSUMPTION OF LIABILITIES; DESCRIPTION OF PURCHASED ASSETS</u>	1
3. <u>PURCHASE PRICE</u>	4
4. <u>REPRESENTATIONS AND WARRANTIES OF SELLER</u>	5
5. <u>REPRESENTATIONS AND WARRANTIES OF PURCHASER</u>	12
6. <u>TITLE INSURANCE AND PERMITTED ENCUMBRANCES</u>	13
7. <u>CONDITIONS PRECEDENT TO CLOSING</u>	15
8. <u>PRE-CLOSING CONDUCT; COVENANTS</u>	19
9. <u>TERMINATION OF AGREEMENT</u>	23
10. <u>CLOSING DATE AND CLOSING</u>	25
11. <u>INDEMNIFICATION</u>	28
12. <u>POST CLOSING COOPERATION</u>	31
13. <u>COMMISSION MATTERS</u>	32
14. <u>MISCELLANEOUS PROVISIONS</u>	32

ATTACHMENTS

Schedule "A" (Real Property)
Schedule "B" (Easements, Licenses, Etc.)
Schedule "C" (Treatment Plants, Etc.)
Schedule "D" (Permits, Etc.)
Schedule "E" (Computers and Software)
Schedule "F" (Vehicles and Equipment)
Schedule "G" (Assumed Agreements)
Schedule "H" (Other Excluded Assets)
Schedule "I" (Seller's Disclosure Schedule)
Schedule "J" (Purchaser's Disclosure Schedule)
Schedule "K" (Other Permitted Encumbrances)

Schedule "L" (Key Employees)
Schedule "M" (Assumed Liabilities)
Exhibit "A" (Escrow Agreement)

AGREEMENT FOR PURCHASE AND SALE OF
WATER AND WASTEWATER ASSETS

THIS AGREEMENT ("Agreement") is made this 7th day of December, 2001, by and between South Carolina Water and Sewer, LLC, a South Carolina limited liability company (hereafter "Seller"), whose address is 21 Burns Lane, Charleston, South Carolina 29401, and Utilities, Inc., an Illinois corporation (hereafter "Purchaser"), whose address is 2335 Sanders Road, Northbrook, Illinois 60062.

WHEREAS, Seller owns and operates a potable water production, treatment, storage, transmission and distribution system ("Water System") and a sanitary wastewater collection, treatment and effluent disposal system ("Wastewater System") (collectively, "Utility System"), which are located in various parts of the State of South Carolina and commonly known as South Carolina Water and Sewer, LLC;

WHEREAS, Seller operates the Utility System under the jurisdiction of the Public Service Commission of South Carolina ("Commission"), which has authorized Seller to provide water and wastewater service to Seller's service area in South Carolina;

WHEREAS, Purchaser is willing to purchase and Seller is willing to sell the Utility System upon the terms and conditions contained in this Agreement;

NOW, THEREFORE, in consideration of the foregoing recitals and benefits to be derived from the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Seller and Purchaser hereby agree to sell and purchase the Utility System upon the following terms and conditions:

1. RECITALS. The foregoing recitals are true and correct and are incorporated herein.
2. COVENANT TO PURCHASE AND SELL; ASSUMPTION OF LIABILITIES; DESCRIPTION OF PURCHASED ASSETS.
 - a. Purchaser shall purchase from Seller, and Seller shall sell to Purchaser, all of Seller's right, title and interest in and to the Purchased Assets (as defined below) upon the terms, and subject to the conditions, set forth in this Agreement.

- b. "Purchased Assets" shall include all assets, business properties and rights, both tangible and intangible, that Seller owns or leases and that are used primarily in connection with the Utility System, including, but not limited to:
- i. The real property and interests in real property owned by Seller, and all buildings and improvements located thereon owned by Seller, as identified in Schedule "A" to this Agreement.
 - ii. All easements, licenses, prescriptive rights (to the extent transferable), rights-of-way and rights to use public and private roads, highways, streets and other areas owned or used by Seller for the construction, operation and maintenance of the Utility System, as identified in Schedule "B" to this Agreement.
 - iii. All water treatment plants, water supply and distribution facilities, wastewater collection, treatment and disposal facilities of every kind and description whatsoever, including but not limited to pumps, plants, tanks, lift stations, transmission mains, distribution mains, supply pipes, collection pipes or facilities, irrigation quality water and effluent disposal facilities, valves, meters, meter boxes, service connections and all other physical facilities, equipment and property installations owned by Seller and used primarily in connection with the Utility System, together with all additions or replacements thereto, as identified in Schedule "C" to this Agreement.
 - iv. All certificates, immunities, privileges, permits, license rights, consents, grants, ordinances, leaseholds and rights to construct, maintain and operate the Utility System and its plants and systems for the procuring, treatment, storage and distribution of potable water and the collection and disposal of wastewater and every right of every character whatever in connection therewith, and the obligations thereof; including

from all agencies for the supply of water to the Utility System; all water rights, flowage rights and riparian rights and all renewals, extensions, additions or modifications of any of the foregoing; together with all rights granted to Seller thereunder, as identified in Schedule "D" to this Agreement; to the extent that Seller's rights to the foregoing are transferable.

- v. All items of inventory owned by Seller on the Closing Date.
- vi. All computers and software owned or leased by Seller and utilized in the operation and billings made with respect to the Utility System, as identified in Schedule "E" to this Agreement.
- vii. All vehicles and equipment owned or leased by Seller, as identified in Schedule "F" to this Agreement.
- viii. All supplier lists, customer records, prints, plans, engineering reports, surveys, specifications, shop drawings, equipment manuals and other information in Seller's possession or control that are reasonably required by Purchaser to operate the Utility System as it is currently operated.
- ix. All sets of record drawings, including as-built drawings, showing all facilities of the Utility System, including all original tracings, sepias or other reproducible materials in Seller's possession or control.
- x. All rights of Seller under all developer agreements entered into between Seller and owners or developers of property with respect to water and wastewater service (the "Developer Agreements") and such other agreements as shall be assumed by Purchaser hereunder, all as identified in Schedule "G" to this Agreement (collectively, the "Assumed Agreements").

c. The following assets are excluded from the Purchased Assets:

- i. Cash, accounts receivable, bank accounts, equity and debt securities of any nature, deposits maintained by Seller with any governmental authority, utility deposits and prepaid expenses of Seller, which are Seller's sole property and are not subject to refund to customers, including developers or others.
- ii. Escrow and other Seller provisions for payment of federal and state income taxes.
- iii. The name "South Carolina Water and Sewer, LLC."
- iv. The assets set forth in Schedule "H" to this Agreement.

d. Purchaser shall assume from Seller the Assumed Liabilities (as defined below).

3. PURCHASE PRICE. Purchaser shall pay to Seller, subject to the adjustments and prorations referenced herein, a total purchase price in the amount of [REDACTED] less the aggregate amount of customer deposits and accounts payable assumed by Purchaser pursuant hereto ("Purchase Price"), separate from, but subject to, the Escrow Agreement referenced in Section 3.c of this Agreement. Payment of the Purchase Price shall be made as follows:

- a. Not less than two (2) business days before Closing, Seller shall deliver to Purchaser a reasonably detailed estimate of the aggregate amount as of the Closing Date of the customer deposits and accounts payable to be assumed by Purchaser at Closing pursuant hereto (the "Estimated Reduction Amount."). At Closing, separate from, but subject to, the Escrow Agreement, Purchaser shall pay Seller [REDACTED] less the Estimated Reduction Amount, in immediately available federal funds, by wire-to-wire transfer to an account designated by Seller.
- b. Not later than sixty (60) days after the Closing Date, Seller shall deliver to Purchaser a reasonably detailed calculation of the actual aggregate amount of the

customer deposits and accounts payable assumed by Purchaser at Closing pursuant hereto (the "Actual Reduction Amount"). In the event of a dispute over the Actual Reduction Amount that is not resolved within fifteen (15) days after delivery of the foregoing calculation, Purchaser and Seller shall promptly submit the issues in dispute to an accounting firm agreed upon by Purchaser and Seller, or in the absence of agreement, by an accounting firm appointed in accordance with the recommendation of the American Arbitration Association, the costs of which shall be borne one-half by Purchaser and one-half by Seller and whose determination shall be conclusive and binding on the parties hereto. If the Actual Reduction Amount is less than the Estimated Reduction Amount, then within five (5) business days after the Actual Reduction Amount is finally determined, Purchaser shall pay the difference, plus interest on the difference at the prime rate last published in the "Money Rates" section of the Wall Street Journal prior to the Closing Date, to Seller in immediately available federal funds by wire-to-wire transfer to an account designated by Seller. If the Actual Reduction Amount is greater than the Estimated Reduction Amount, then within five (5) business days after the Actual Reduction Amount is finally determined, Seller shall pay the difference, plus interest on the difference at the prime rate last published in the "Money Rates" section of the Wall Street Journal prior to the Closing Date, to Purchaser in immediately available federal funds by wire-to-wire transfer to an account designated by Purchaser.

- c. At Closing, separate from the Estimated Reduction Amount, Purchaser shall deposit [REDACTED] in immediately available federal funds with the Escrow Agent pursuant to the escrow agreement attached as Exhibit "A" ("Escrow Agreement"), to be distributed in accordance with the terms and conditions of the Escrow Agreement.

- 4. REPRESENTATIONS AND WARRANTIES OF SELLER. As a material inducement to Purchaser to execute this Agreement and perform its obligations hereunder, Seller represents and warrants to Purchaser that, except as set forth in the disclosure schedule attached as Schedule "I" to this Agreement, which disclosure schedule is arranged in sections corresponding to the Sections of this Agreement (the "Seller's Disclosure Schedule"):

- a. Seller is duly organized, validly existing and in good standing under the laws of the State of South Carolina. Seller has all requisite limited liability company power and authority to carry on its business as now being conducted, to enter into this Agreement and to carry out and perform the terms and conditions of this Agreement.
- b. Great Southern Waterworks Corporation and Thomas B. Pickens, III are the only members of Seller.
- c. The execution, delivery and performance of this Agreement by Seller and the consummation by Seller of the transactions contemplated hereby, have been duly authorized by all necessary limited liability company action on the part of Seller.
- d. This Agreement constitutes, and all other agreements to be executed by Seller pursuant hereto will constitute when executed and delivered, valid and binding obligations of Seller, enforceable in accordance with their terms.
- e. The execution, delivery and performance of this Agreement by Seller and the consummation by Seller of the transactions contemplated hereby, do not and will not (i) violate any provision of law applicable to Seller or the articles of organization or operating agreement of Seller; (ii) require the consent, waiver, approval, license or authorization of, or filing with, any person or entity; or (iii) with or without the giving of notice or the passage of time or both, conflict with or result in a breach or termination of, constitute a default under or result in the creation of any lien, charge or encumbrance upon any of the assets of Seller pursuant to, any provision of any mortgage, deed of trust, indenture or other agreement or instrument, or any order, judgment, decree or other restriction of any kind or character, to which Seller is a party or by which Seller or any of its assets may be bound.
- f. There are no legal actions, suits, mediations, arbitrations or other legal or administrative proceedings pending or threatened against Seller that are reasonably likely to have an adverse effect on its properties,

assets or business; and Seller is unaware of any facts that are reasonably likely to result in any action, suit, mediation, arbitration or other proceeding that might result in any adverse change in the business or condition (financial or otherwise) of Seller or its properties or assets. Seller is not in default with respect to any judgment, order or decree of any court or any governmental agency or instrumentality.

- g. Seller has not currently been cited or notified, and is unaware, of any violation of any governmental rules, regulations, permitting conditions or other governmental requirements of any type or nature applicable to the ownership, maintenance, construction or operation of the Utility System, nor is Seller aware of any conditions, which by reason of the passing of time or the giving of notice, would constitute such a violation.
- h. Seller has delivered to Purchaser a balance sheet of Seller as of July 31, 2001 and a related statement of income of Seller for the seven months then ended (such balance sheet and related statement of income are hereinafter collectively called the "Financial Statements"). The Financial Statements are in accordance with the books and records of Seller and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis and present fairly the financial condition of Seller as of such date and the results of operations of Seller for such period; provided, however, that the Financial Statements are subject to normal year-end adjustments, which will not materially change the Financial Statements individually or in the aggregate, and lack footnotes and other presentation items. At the close of business on July 31, 2001, Seller did not have any indebtedness, liabilities, obligations or loss contingencies (within the meaning of Statement of Financial Accounting Standards No. 5), contingent, inchoate, liquidated or unliquidated, that were required to have been, but were not, fully reflected, reserved against or disclosed on the foregoing balance sheet in accordance with generally accepted accounting principles.
- i. Since July 31, 2001, Seller has not:

- i. Incurred any obligations or liabilities, whether absolute, accrued, contingent or otherwise, for which Purchaser would have any liability or obligation that are not included in the Assumed Liabilities;
 - ii. Mortgaged, pledged or subjected to lien or any other encumbrances or charges, any of its tangible or intangible assets, which will not be discharged at or prior to Closing;
 - iii. Sold or transferred any of its assets, except in the ordinary course of business;
 - iv. Suffered any damage, destruction or loss (whether or not covered by insurance) of substantial value affecting the properties, business or prospects of Seller, or waived any rights of substantial value; or
 - v. Entered into any transaction other than in the ordinary course of business.
- j. Schedule "A" to this Agreement identifies all parcels of land, together with all existing buildings and improvements erected thereon, that Seller owns ("Real Property"). Seller has exclusive possession, control, ownership and good and marketable title to all Real Property. The Real Property is subject to no mortgage, pledge, lien, charge, security interest, encumbrance or restriction except Permitted Encumbrances. At Closing, Seller shall deliver title to such Real Property by Warranty Deed, free and clear of all debts, liens, pledges, charges or encumbrances, whatsoever, other than Permitted Encumbrances.
- k. Seller has exclusive ownership, possession, control and good and merchantible title to all remaining Purchased Assets owned by it other than the Real Property, including without limitation, those reflected in the Financial Statements (except as may have been sold by Seller in the ordinary course of business with Purchaser's knowledge and consent), and those used or located on property controlled by Seller in its business on the date of this Agreement. The remaining Purchased

Assets other than the Real Property are subject to no mortgage, pledge, lien, charge, security interest, encumbrance or restriction except Permitted Encumbrances. At Closing, Seller shall deliver title to the remaining Purchased Assets other than the Real Property free and clear of all debts, liens, pledges, charges or encumbrances, whatsoever, other than Permitted Encumbrances.

l. Seller has not been threatened with any action or proceeding under any building or zoning ordinance, regulation or law.

m. Environmental Law Compliance.

i. Definitions.

(1) "Environmental Law" means any federal, state or local statute, order, regulation, ordinance or common law or equitable doctrine relating to the protection of human health or the environment in effect as of the Closing Date and includes, but is not limited to, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") (42 U.S.C. § 9601 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), and the Safe Drinking Water Act, (42 U.S.C. § 300f et seq.), as such have been amended or supplemented as of the Closing Date, and the regulations promulgated pursuant thereto, and in effect as of the Closing Date.

(2) "Hazardous Material" means petroleum or any substance, material or waste which is regulated under any Environmental Law in the jurisdictions in which Seller conducts its business including, without limitation, any material or substance that is defined as or considered to be a "hazardous waste," "hazardous material," "hazardous substance,"

"extremely hazardous waste," "restricted hazardous waste," "pollutant," "toxic waste," or "toxic substance" under any provision of Environmental Law.

- (3) "Release" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge or dispersal into the environment, at or from any property owned or operated by Seller or related to Hazardous Materials generated by Seller.
- (4) "Remedial Action" means all actions required to (1) clean up, remove or treat any Hazardous Material; (2) prevent the Release or threat of Release, or minimize the further Release of any Hazardous Material so it does not endanger or threaten to endanger public health or welfare or the environment; or (3) perform pre-remedial studies and investigations or post-remedial monitoring and care directly related to or in connection with any such remedial action.

ii. Representations:

- (1) To Seller's knowledge, Seller is in compliance with all applicable Environmental Laws and has no liability thereunder, and there is no reasonable basis for any such liability.
- (2) Seller has obtained all permits required, or has submitted applications for such permits in a timely manner, under applicable Environmental Laws necessary for the operation of its business as presently conducted as of the date of this Agreement.
- (3) Seller has not received within the last three years and is not aware of any pending communication from any governmental authority or other party with respect to (1) the actual or alleged violation of any

Environmental Laws; (2) any actual or proposed Remedial Action; or (3) any Release or threatened Release of a Hazardous Material.

- (4) To Seller's knowledge, no polychlorinated biphenyl or asbestos-containing materials are present in violation of Environmental Law at any property owned, operated or leased by Seller, and, to Seller's knowledge, there are no underground storage tanks, active or abandoned, at any property owned, operated or leased by Seller.
- (5) To Seller's knowledge, there is no Hazardous Material located, in violation of Environmental Law, at any site that is owned, leased, operated or managed by Seller other than chemicals used for treatment (such as chlorine); no site that is owned, leased, operated or managed by Seller is listed or formally proposed for listing under CERCLA, the Comprehensive Environmental Response, Compensation Liability Information System ("CERCLIS") or on any similar state list that is the subject of federal, state or local enforcement actions or other investigations that may lead to claims against Seller for clean-up costs, remedial work, damages to natural resources, or for personal injury claims, including, but not limited to, claims under CERCLA; and there is no reasonable basis for Seller to be named in such claims or for any similar action to be brought against Seller.
- (6) No written notification of a Release of a Hazardous Material has been filed by or on behalf of Seller or with respect to any property when owned, operated or leased by Seller. No such property is listed or proposed for listing on the National Priority List promulgated pursuant to CERCLA, or CERCLIS, or any similar state

list of sites requiring investigation or clean up.

- (7) To Seller's knowledge, no Hazardous Material has been Released in violation of Environmental Law at, on or under any property now or when formerly owned, operated or leased by Seller; and, to Seller's knowledge, no Hazardous Material has been Released in violation of Environmental Law at, on or under any such property before such property was owned, operated or leased by Seller.
- n. Seller has (i) duly filed with the appropriate governmental authorities all tax returns required to be filed by it, and such tax returns are true, correct, and complete in all respects; and (ii) duly paid in full or made adequate provision for the payment of all Taxes (as defined below) that are due and payable with respect to all periods ending prior to the Closing Date, or otherwise allocable to a period ending prior to the Closing Date. Seller is not a party to any action or proceeding, nor is any such action or proceeding threatened, by any governmental taxing authority for the assessment or collection of any Taxes, and no deficiency notices or reports have been received by Seller with respect to any deficiencies for Taxes. There are no outstanding requests, agreements, consents or waivers to extend the statutory period of limitations applicable to the assessment of any Taxes or deficiencies against Seller. Seller is not a party to any agreement providing for the allocation or sharing of Taxes.

Seller has received no communication from either the Internal Revenue Service or the South Carolina Department of Revenue within three (3) years prior to the Closing Date reflecting any deficiencies in Taxes due and owing.

For purposes of this Agreement, the term "Taxes" shall mean all taxes, charges, fees, levies or other assessments, including without limitation, income, gross receipts, excise, property, sales, withholding, social security, occupation, use, service, service use, license, payroll, franchise, transfer and recording taxes, fees

and charges imposed by the United States, or any state, local or foreign government or subdivision or agency thereof, whether computed on a separate, consolidated, unitary, combined or any other basis; and such term shall include any interest, fines, penalties or additional amounts attributable or imposed or with respect to any such taxes, charges, fees, levies or other assessments, but shall not include any of the foregoing arising out of, or associated with, the transactions contemplated by this Agreement.

- o. The Commission has authorized Seller to conduct its present operations in the manner in which such operations are now conducted and in all of the territory in which it now renders service, and to maintain its mains and pipes in the streets and highways of such territories.
- p. Seller has not dealt with either a broker, salesman or finder in connection with any part of the transaction contemplated by this Agreement, and, insofar as it knows, no broker, salesman or other person is entitled to any commission or fee with respect to such transaction as a result of Seller's actions.

5. REPRESENTATIONS AND WARRANTIES OF PURCHASER. As a material inducement to Seller to execute this Agreement and to perform its obligations thereunder, Purchaser represents and warrants to Seller that, except as set forth in the disclosure schedule attached as Schedule "J" to this Agreement, which disclosure schedule is arranged in sections corresponding to the Sections of this Agreement ("Purchaser's Disclosure Schedule") as follows:

- a. Purchaser is duly organized, validly existing and in good standing under the laws of the State of Illinois. Purchaser has all requisite corporate power and authority to carry on its business as now being conducted, to enter into this Agreement, and to carry out and perform the terms and conditions of this Agreement.
- b. The execution, delivery and performance of this Agreement by Purchaser, and the consummation by Purchaser of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on the part of Purchaser.

- c. This Agreement constitutes, and all other agreements to be executed by Purchaser in connection herewith will constitute when executed and delivered, valid and binding obligations of Purchaser, enforceable in accordance with their terms.
- d. The execution, delivery and performance of this Agreement by Purchaser, and the consummation by Purchaser of the transactions contemplated hereby, do not and will not (i) violate any provision of law applicable to Purchaser or the articles of incorporation or bylaws of Purchaser; (ii) require the consent, waiver, approval, license or authorization of, or filing with, any person or entity; or (iii) with or without the giving of notice or the passage of time or both, conflict with or result in a breach or termination of, constitute a default under or result in the creation of any lien, charge or encumbrance upon any of the assets of Purchaser pursuant to, any provision of any mortgage, deed of trust, indenture or other agreement or instrument, or any order, judgment, decree or other restriction of any kind or character, to which Purchaser is a party or by which Purchaser or any of its assets may be bound.
- e. Purchaser shall, subsequent to Closing, and consistent with prudent business practices, industry standards applicable thereto, and the requirements of the appropriate governmental agencies having jurisdiction over the assets and businesses of the Utility System, provide water and wastewater services to all properties, improvements thereon and the occupants thereof, located within Seller's service area after connection has been made, in a uniform and nondiscriminatory manner with other property and property owners served by Purchaser.
- f. Purchaser has not dealt with either a broker, salesman or finder in connection with any part of the transaction contemplated by this Agreement, and, in so far as it knows, no broker, salesman or other person is entitled to any commission or fee with respect to such transaction.

6. TITLE INSURANCE AND PERMITTED ENCUMBRANCES.

- a. Seller shall use its commercially reasonable best efforts to cause to be issued and delivered, no later than thirty (30) days after execution of this Agreement, a current title insurance commitment issued by a title company licensed to do business in the state of South Carolina, covering the fee simple Real Property and easements included in the Purchased Assets, which shall be in an amount to be determined by Purchaser with notice thereof being given to Seller by Purchaser as soon as reasonably practicable. The cost of the title insurance commitment and title insurance shall be borne one-half by Seller and one-half by Purchaser. The title insurance commitment shall commit the insurer to issue owner's title insurance policies to Purchaser covering the fee simple Real Property portion of the Purchased Assets (substantially in accordance with the ALTA Standard Owner's Form B), reflecting title to the Real Property to be marketable or insurable, except for the Permitted Encumbrances (as defined below), the standard printed exceptions usually contained in an owner's title insurance policy, and the standard exclusions from coverage; provided, however, that the title insurance company shall delete the standard exceptions customarily deleted for materialman's liens and mechanic's liens. To the extent that it is able to do so, Seller shall execute at or prior to Closing, in favor of the title insurance company, the appropriate mechanic's lien affidavit and "Gap" affidavit sufficient to allow the title insurance company to delete all standard exceptions addressed by such affidavits.

Purchaser shall notify Seller in writing no less than ten (10) days after receipt of such title insurance commitment, of any alleged defect in Seller's title to the Real Property, other than those accepted herein and the Permitted Encumbrances (such written notice to include all exceptions, encumbrances, liens, easements, covenants, restrictions or other defects in Seller's title to the Real Property other than the Permitted Encumbrances, which render or may render Seller's title to the Real Property unmarketable in accordance with applicable standards or uninsurable). Seller shall have fifteen (15) days after receipt of Purchaser's notice, to eliminate all of the objections to title set forth in Purchaser's notice. However, in no event shall Seller be required to bring suit or expend any sum in excess of [REDACTED] in the aggregate to cure title defects, exclusive

of mortgages against the Property, which are in a liquidated amount or Seller has an obligation to discharge on or before Closing pursuant to the terms of this Agreement. If Seller fails to deliver title as herein provided, then Purchaser may:

- i. Accept such title as Seller is able to convey with a mutually agreed upon abatement of the Purchase Price;
 - ii. Reject title to the affected parcel and either proceed to Closing without such title, with a mutually agreed upon abatement of the Purchase Price, or terminate this Agreement with no liability for damages from either Purchaser or Seller.
- b. If Purchaser terminates this Agreement as provided above, no party shall have any further liability to any other party under this Agreement. Purchaser shall not object to title by reason of the existence of (i) any mortgage, lien, encumbrance, covenant, restriction or other matter that may be satisfied with a payment of money and Seller elects to do so by paying same at or prior to the Closing Date; (ii) any mechanic's lien or other encumbrance which can be released of record, bonded or transferred of record to substitute security so as to relieve the Real Property from the burden thereof and Seller elects to do so at or prior to Closing; or (iii) any mortgage, lien, encumbrance, covenant, restriction or other matter that the title insurance company issuing the title insurance commitments affirmatively insures-over.
- c. As used in this Agreement, "Permitted Encumbrances" shall mean and include the following:
- i. All present and future building restrictions, zoning regulations, laws, ordinances, resolutions, regulations and orders of any governmental authority having jurisdiction over the Real Property and the use thereof.
 - ii. Easements, restrictions, reservations, rights-of-way, conditions and limitations of record, if any, which are not coupled with any reverter or

forfeiture provisions, including (without limitation) any drainage, canal, mineral, road or other reservations of record in favor of the State of South Carolina or any of its agencies or governmental or quasi-governmental entities, none of which, however, shall adversely impair or restrict the use of the Real Property for the operation of the Utility System.

- iii. The matters listed in **Schedule "K"**.
- iv. Such other matters as are permitted under the terms of this Agreement or any Developer Agreement.

7. CONDITIONS PRECEDENT TO CLOSING.

- a. Conditions to the Obligation of Purchaser. The obligation of Purchaser to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:
 - i. Seller or Purchaser, individually or collectively, as the case may be, shall have obtained all regulatory approvals from the Commission and such other agencies in South Carolina as are necessary to consummate the transaction contemplated by this Agreement, including the transfer of all applicable permits necessary to operate the Utility System.
 - ii. Purchaser shall have secured continued employment of the employees of Seller listed on **Schedule "L"** to this Agreement for the Utility System upon terms and conditions satisfactory to Purchaser.
 - iii. Neither party shall be prohibited by administrative or judicial decree or law from consummating the transaction.
 - iv. There shall not be pending on the Closing Date any legal action or proceeding that prohibits the purchase or sale of the Purchased Assets or prohibits Purchaser or Seller from closing the transaction or Purchaser from paying the Purchase

Price, or that inhibits or restricts in any manner Purchaser's use, title or enjoyment of the Purchased Assets.

- v. The manager and member of Seller shall have ratified and approved the execution of this Agreement and authorized the sale of the Purchased Assets and certified copies of the resolutions evidencing such ratification and approval shall have been delivered to Purchaser.
- vi. Seller shall have performed in all respects all of the undertakings required to be performed by it under the terms of this Agreement prior to or at Closing.
- vii. Between the date of this Agreement and the Closing Date, there shall have been no adverse change in the applicable law, or in the condition or value of the Purchased Assets or the Utility System.
- viii. All warranties and representations of Seller shall be true in all respects as of the Closing Date, except to the extent they specifically refer to another date.
- ix. Seller shall have delivered to Purchaser a certificate stating that:
 - (1) Seller is not prohibited by administrative or judicial decree or law from consummating the transaction contemplated hereby.
 - (2) There is not pending on the Closing Date any legal action or proceeding that hinders the ability of Seller to close the transaction.
 - (3) All warranties and representations of Seller contained in this Agreement are true and correct in all respects as of the Closing Date, except that representations regarding the Financial Statements are true and correct in all respects as of the date of the Financial Statements.

- (4) Seller has performed in all respects all of the undertakings required to be performed by it under the terms of this Agreement prior to or at Closing.
- x. The closing of the sales to Purchaser of substantially all of the assets of each of U.S. Utilities, Inc., Utilities of Kentucky, Inc., South Carolina Water and Sewer, LLC, and Georgia Water and Sewer, LLC shall occur prior to or simultaneously with the Closing.
- xi. Seller shall have delivered to Purchaser, within ten business days after the date of this Agreement, complete Schedules containing all information and identifying in detail all items or documents supporting the Schedules. Purchaser shall have 45 days from receipt of the completed Schedules to review the Schedules and supporting documentation. Seller shall cooperate with Purchaser in making all such documentation available for review at Seller's place of business or such other place as Seller and Purchaser may agree. At the completion of the 45 day review period, Purchaser shall have ten business days to accept or reject the Schedules prepared by Seller. If Purchaser rejects the Schedules, Purchaser may terminate this Agreement pursuant to Section 9.

Purchaser may waive any condition specified in this Section 7.a. if it executes a writing so stating at or prior to the Closing.

- b. Conditions to the Obligation of Seller. The obligation of Seller to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:
- i. Seller or Purchaser, individually or collectively, as the case may be, shall have obtained all regulatory approvals from the Commission and such other agencies in South Carolina as are necessary to consummate the transaction contemplated by this Agreement,

including the transfer of all applicable permits necessary to operate the Utility System.

- ii. Neither party shall be prohibited by administrative or judicial decree or law from consummating the transaction.
- iii. There shall not be pending on the Closing Date any legal action or proceeding that prohibits the purchase or sale of the Purchased Assets or prohibits Purchaser or Seller from closing the transaction or Purchaser from paying the Purchase Price, or that inhibits or restricts in any manner Purchaser's use, title or enjoyment of the Purchased Assets.
- iv. The Board of Directors of Purchaser shall have ratified and approved the execution of this Agreement and authorized the purchase of the Purchased Assets and certified copies of the resolutions evidencing such ratification and approval shall have been delivered to Seller.
- v. Purchaser shall have performed in all respects all of the undertakings required to be performed by it under the terms of this Agreement prior to or at Closing.
- vi. All warranties and representations of Purchaser shall be true in all respects as of the Closing Date, except to the extent they specifically refer to another date.
- vii. Purchaser shall have delivered to Seller a certificate stating that:
 - (1) Purchaser is not prohibited by administrative or judicial decree or law from consummating the transaction contemplated hereby.
 - (2) There is not pending on the Closing Date any legal action or proceeding that hinders the ability of Purchaser to close the transaction.

- (3) All warranties and representations of Purchaser contained in this Agreement are true and correct in all respects as of the Closing Date.
- (4) Purchaser has performed in all respects all of the undertakings required to be performed by it under the terms of this Agreement prior to or at Closing.
- (5) The closing of the sales to Purchaser of substantially all of the assets of each of U.S. Utilities, Inc., Utilities of Kentucky, Inc., South Carolina Water and Sewer, LLC, and Georgia Water and Sewer, LLC shall occur prior to or simultaneously with the Closing.

Seller may waive any condition specified in this Section 7.b. if it executes a writing so stating at or prior to the Closing.

8. PRE-CLOSING CONDUCT; COVENANTS. Prior to the Closing Date, the parties covenant to each other, and shall conduct themselves, as follows:
- a. Within five (5) business days after the date of this Agreement, Seller shall either furnish to Purchaser, or provide Purchaser with ready access to the following, to the extent they are in the possession of Seller, its employees, representatives or agents:
 - i. Copies of all plans and specifications showing the Utility System as now constructed (as-built), including any under construction, together with a detailed engineering map showing the water transmission lines, wastewater collection lines, lift stations, effluent disposal facilities, and appurtenances as now constructed, and all other facilities constituting the Utility System.
 - ii. Copies of all orders of the Commission with respect to the Utility System, and any correspondence within the last two years between Seller and the Commission with respect thereto.

- iii. A schedule and copies of all Developer Agreements, including a schedule of the number of connections reserved by each Developer Agreement for which there has been no connection as of the Closing Date.
- iv. A schedule and copies of all other agreements entered into between Seller and other parties in connection with Seller's operation of the Utility System, including but not limited to, leasehold agreements, operator and vendor contracts, and construction contracts. Such schedule shall also reflect the terms of any oral agreements, if any.
- v. Depreciation and amortization schedules identifying substantially all equipment, computers, software, vehicles, tools, parts, laboratory equipment, office equipment, and all other personal property owned or leased by Seller and used in connection with the operation of the Utility System.
- vi. A schedule and copies of documents reflecting the rates, fees, charges and tariffs of Seller.
- vii. Copies of permits, applications or other documents, together with effective dates and expiration dates (if any), demonstrating approval of the facilities of the Utility System by all applicable governmental authorities, including, but not limited to: (a) the South Carolina Department of Health and Environmental Control, (b) the United States Environmental Protection Agency and (c) the Commission.
- viii. A list of customer deposits or advance facility charges and accounts receivable by name and account number, setting forth the amount of each individual deposit or receivable and the aggregate totals.
- ix. A map on which there is outlined the present and anticipated Commission-authorized service area of Seller.

- x. A copy of the annual reports filed by Seller with the Commission for the calendar years 1999 and 2000.
 - xi. A copy of all warranties held by Seller with respect to completed, or in progress, construction work with respect to the Utility System, in addition to, a copy of all warranties held by Seller with respect to the Purchased Assets.
 - xii. Copies of bank statements for each of the most recent twelve (12) months.
 - xiii. Copies of any and all effective insurance policies with respect to Seller, the Purchased Assets and the Utility System.
 - xiv. Legal descriptions of the Real Property.
 - xv. Copies of all recorded and unrecorded easements, licenses and rights-of-way owned and used by Seller for the construction, operation and maintenance of the Utility System.
 - xvi. A budget of Seller's capital expenditures for the years 2000 through 2005.
- b. During the period between the date of this Agreement and the Closing Date, Seller shall:
- i. Operate and maintain the Utility System and Purchased Assets in a normal and usual manner, in compliance with all applicable laws and regulations, and in accordance with Seller's business plan, to ensure that the condition of the Utility System and the Purchased Assets shall not be diminished or depleted, normal wear and tear excepted;
 - ii. Promptly notify Purchaser of any notification received by Seller from any person, business, or agency of any existing, or potential, Environmental Law violation;

- iii. Make no unbudgeted capital expenditures in excess of \$100,000 without the prior written consent of Purchaser; however, Seller shall, nevertheless, remain solely responsible for the cost of repair, maintenance, compliance and operation of the Utility System and Purchased Assets until the Closing Date;
 - iv. Provide Purchaser, or its designated agent(s), with unrestricted access to the premises, Utility System, Purchased Assets, Seller's books and records, employees, agents or representatives, on reasonable advance notice and during business hours.
 - v. Promptly notify Purchaser of any event, activity or occurrence that has, or may have, an adverse effect on Seller or this transaction.
 - vi. Not disclose the existence of this Agreement or the proposed sale to developers unless Seller is required to do so by law, court order or contract, or the sale becomes public knowledge. In addition, Seller shall not accept payment for Connection Charges (as defined in Section 10.e.) at a rate lower than the applicable tariffs require in order to receive early payment of those Connection Charges. If Seller violates this covenant, the Purchase Price shall be reduced accordingly by the amount of any such Connection Charges that are paid in advance as the result of offering a discount.
- c. During the period of time between the date of this Agreement and the Closing Date, Seller shall maintain its existing levels of insurance.
 - d. From the date of this Agreement until the Closing Date Seller shall not, without the prior written consent of Purchaser, enter into any new developer agreements other than in the ordinary course of business or modify any existing Developer Agreements other than in the ordinary course of business. Copies of any such proposed developer agreements or modifications shall be promptly

delivered to Purchaser, and upon Purchaser's consent shall be included in the definition of "Developer Agreements" and deemed to be included in Schedule "G" to this Agreement.

- e. Purchaser may cause to be performed, at its expense, a Phase I Environmental Survey of each parcel of Real Property. If the survey discloses a reasonable likelihood of the presence of any Hazardous Material on any such parcel, Purchaser may either (i) terminate this Agreement, in which event no party shall have any liability to any other party, (ii) proceed to Closing, with or without purchasing the affected parcel of Real Property, with an agreed upon abatement of the Purchase Price or (iii) request Seller to, and Seller may (but shall not be required to), permit Purchaser to cause to be performed, at its expense, a Phase II Environmental Study of such parcel. If Seller refuses to permit Purchaser to have performed a Phase II Environmental Study, Purchaser may terminate this Agreement. If a Phase II Environmental Study is performed and discloses the presence of any Hazardous Material on such parcel, Purchaser may (i) terminate this Agreement or (ii) request Seller to perform such clean-up and remediation as is necessary thereunder. Upon Seller's failure to perform such clean-up and remediation, Purchaser may either (i) terminate this Agreement, in which event no party shall have any liability to any other party, or (ii) proceed to Closing, with or without purchasing the affected parcel of Real Property, with an agreed upon abatement of the Purchase Price.
- f. Except as may be expressly required by law or as may have been expressly approved by Seller in writing, Purchaser shall maintain in strict confidence, and shall not disclose to anyone other than its employees, attorneys and consultants who have a need to know in order to consummate the transactions contemplated by this Agreement (and who shall be bound by a similar obligation of confidentiality), any information regarding Seller, its business, this Agreement and the transactions, unless and until the Closing Date; provided, however, that this restriction shall not apply to information that has entered the public domain without violation of any confidentiality obligation hereunder.

9. TERMINATION OF AGREEMENT.

- a. This Agreement may be terminated (i) by mutual written consent of the parties, or (ii) as provided in subparagraphs b. and c. below.
- b. Purchaser may terminate this Agreement, in its sole discretion, upon the occurrence of any of the following:
 - i. The failure to obtain final approval from the Commission authorizing the transfer of assets contemplated by this Agreement or any other regulatory approval or transfer of permit necessary to operate the Utility System on or before June 30, 2002.
 - ii. The Closing shall not have occurred on or before June 30, 2002 by reason of the failure of any condition precedent under Section 7.a. hereof (unless the failure results primarily from Purchaser itself breaching any representation, warranty, or covenant contained in this Agreement).
 - iii. Any breach of this Agreement by Seller, including, but not limited to, a breach of any representation, warranty, covenant or obligation, if Seller has not cured such breach within thirty (30) days after notice from Purchaser; provided, however, such breach must in any event be cured prior to the Closing Date unless the date for cure has been extended by Purchaser.
 - iv. Any other basis for termination on behalf of Purchaser otherwise set forth in this Agreement.
- c. Seller may terminate this Agreement, in its sole discretion, upon the occurrence of any of the following:
 - i. The failure to obtain final approval from the Commission authorizing the transfer of assets contemplated by this Agreement or any other regulatory approval or transfer of permit necessary to operate the Utility System on or before June 30, 2002.

- ii. The Closing shall not have occurred on or before June 30, 2002 by reason of the failure of any condition precedent under Section 7.b. hereof (unless the failure results primarily from Seller itself breaching any representation, warranty, or covenant contained in this Agreement).
 - iii. Any breach of this Agreement by Purchaser, including, but not limited to, a breach of any representation, warranty, covenant or obligation, if Purchaser has not cured such breach within thirty (30) days after notice from Seller; provided, however, such breach must in any event be cured prior to the Closing Date unless the date for cure has been extended by Seller.
 - iv. Any other basis for termination on behalf of Seller otherwise set forth in this Agreement.
- d. Upon the occurrence of any of the bases for termination of this Agreement, the party seeking to terminate this Agreement shall provide written notice of its termination of this Agreement to the other by delivering the same as provided in Section 14.b.
- e. Upon the termination of this Agreement, the following shall occur:
- i. Each party shall return all documents given to it by the other, including copies, in its possession, or in the possession of its agents and consultants to the other, as the case may be. Each party, its agents and consultants, shall treat any information previously received as confidential, and shall not disclose or use such information.
 - ii. Except as otherwise set forth in this Agreement, each party shall be responsible for payment of its own attorney and other professional fees and other costs of any nature whatsoever incurred prior to the termination of this Agreement.

- f. In the event of termination of this Agreement, this Agreement shall forthwith become void and (except for the willful breach of this Agreement by any party hereto) there shall be no liability on the part of Purchaser or Seller, or their respective officers, directors, managers, or members other than as provided for herein; provided, however, that Sections 9.e. and 14 and all provisions providing for the bearing of expenses shall survive the termination of this Agreement.

10. CLOSING DATE AND CLOSING.

- a. This transaction shall be closed within five (5) business days after the satisfaction or waiver of all conditions to Closing contemplated by this Agreement ("Closing Date"), but in no event later than June 30, 2002, unless advanced or extended by mutual agreement of the parties, at a location mutually acceptable to both parties.
- b. The Closing shall occur at the offices of McNair Law Firm, P.A. in Columbia, South Carolina, although the parties may agree to conduct the closing through other means not requiring their physical presence.
- c. At Closing:
- i. Title to the Purchased Assets shall be conveyed to the Purchaser by Warranty Deed, bill of sale or assignment, as the case may be, free of all claims, liens or encumbrances, whatsoever, other than Permitted Encumbrances.
 - ii. All documentary stamp fees, if required, on the deeds of conveyance of the Real Property included in the Purchased Assets shall be paid by Seller.
 - iii. Real property and personal property taxes on the Purchased Assets and Utility System, and any other applicable taxes, shall be prorated as of the Closing Date and Seller shall be required to pay its share at or prior to Closing. All other taxes and assessments accrued or owed by Seller as of the date of Closing, with respect to the Purchased Assets, shall be and remain the obligation of Seller. All other taxes and

assessments imposed or attempted to be imposed from and after the date of Closing, with respect to the Purchased Assets, shall be the obligation of Purchaser.

- iv. Purchaser shall assume Seller's liabilities and obligations set forth in **Schedule "M"** to this Agreement ("Assumed Liabilities") by executing and delivering such instruments of assignment and assumption as shall be mutually acceptable to Seller and Purchaser.
- v. All transfers required or necessary hereunder shall take place, including transfer of permits necessary to operate the Utility System, unless extended by mutual consent.
- vi. Purchaser shall reimburse or credit Seller for the cost of all additional capital improvements made to the Utility System by or on behalf of Purchaser prior to the Closing Date, provided Purchaser has requested such improvements.
- vii. Seller and Purchaser shall execute the Escrow Agreement.
- viii. Purchaser shall make the payment contemplated by Section 3.a. to Seller and the escrow deposit contemplated by Section 3.c. to the Escrow Agent.
- ix. Seller shall deliver to Purchaser, in a form reasonably acceptable to Purchaser, an opinion of Seller's counsel substantially to the effect that:
 - a. Seller is a limited liability company validly existing and in good standing under the laws of the State of South Carolina.
 - b. This Agreement has been duly and validly executed and approved by Seller and is a valid and binding agreement upon Seller.
 - c. The execution, delivery and performance by Seller of this Agreement will not violate (a) any agreement listed on Annex A hereto

or (b) any law applicable to Seller the violation of which would have a material adverse effect on the Purchased Assets or on Seller's ability to consummate the transactions contemplated by this Agreement or perform its obligations under this Agreement.

Purchaser shall deliver to Seller a list of the agreements to be listed on Annex A to the opinion simultaneously with its acceptance of the Schedules pursuant to Section 7.a.xi.

- x. Purchaser shall deliver to Seller, in a form reasonably acceptable to Seller, an opinion of Purchaser's counsel substantially to the effect that:
 - a. Purchaser is a corporation validly existing and in good standing under the laws of the State of Illinois.
 - b. This Agreement has been duly and validly executed and approved by Purchaser and is a valid and binding agreement upon Purchaser.
 - c. The execution, delivery and performance by Purchaser of this Agreement will not violate (a) any material agreement of Purchaser or (b) any law applicable to Purchaser the violation of which would have a material adverse effect on Purchaser's ability to consummate the transactions contemplated by this Agreement or perform its obligations under this Agreement.
- d. The parties recognize that the Closing may be established during the normal billing cycle of Seller. The gross revenues from water and wastewater services rendered, but not yet billed ("Unbilled Revenue") as of the date of Closing, shall be paid to Seller within ten (10) days of Purchaser's collection thereof. Purchaser shall utilize the same methods of collecting the Unbilled Revenue as it would if such Unbilled Revenue was its own. Except as set forth above, Purchaser shall be entitled to all Utility System revenue earned from the Closing Date forward.

- e. Connection Charges (defined as connection, plant capacity, main extension, capital or other charges paid for the availability of utility services) received by Seller prior to the date of this Agreement, shall be retained by Seller. Further, all Connection Charges received by Seller after the date of this Agreement, but prior to Closing, shall be retained by Seller. Connection Charges paid after the Closing Date shall be the property of Purchaser. If Seller violates the covenant contained in Section 8.b.vi., the Purchase Price shall be reduced accordingly by the amount of any such Connection Charges that are paid in advance as the result of offering a discount.
- f. Seller's ordinary operating expenses other than employment-related expenses for the billing periods in which the Closing occurs shall be prorated on a per-day basis, with the portions of the billing periods through and including the Closing Date being allocated to Seller and the portions of the billing periods after the Closing Date being allocated to Purchaser. Seller and Purchaser each agrees to reimburse the other for its pro rata share of the aforementioned operating expenses. Purchaser and Seller shall cooperate in determining the foregoing prorations as soon as is reasonably practicable after the Closing, and Purchaser and Seller each agrees to pay any amount due to the other promptly after such determination is made.
- g. Each of the parties shall pay the fees of its own attorneys, bankers, engineers, accountants, and other professional advisers or consultants in connection with the negotiation, preparation and execution of this Agreement, and any documents associated with the Closing.
- h. All bills for services, materials and supplies rendered in connection with the operation of the Utility System prior to Closing, including but not limited to electricity for a period up to and including the Closing Date, that are not included in the Assumed Liabilities shall be paid by Seller.

11. INDEMNIFICATION.

- a. Seller shall save and hold Purchaser and its directors, officers, employees and agents (hereafter "Purchaser Indemnified Parties"), harmless from, and indemnify the Purchaser Indemnified Parties against, any and all losses or damages, claims, demands, deficiencies, liabilities, obligations, costs and/or expenses (including, but not limited to reasonable administrative, trial, and appellate attorney fees and costs incurred in connection with investigating, preparing to defend or defending any action, suit or proceeding commenced, or threatened, or any claim whatsoever) suffered by any of the Purchaser Indemnified Parties, whether accrued, absolute, contingent or otherwise, which result from:
 - i. Any misrepresentation by Seller of a material fact contained in this Agreement, or a breach of a representation or warranty, with respect to which Purchaser notifies Seller in writing within the applicable survival period as set forth in paragraph d. below, specifying the breach in detail;
 - ii. Any breach by Seller of its covenants or obligations hereunder;
 - iii. Any and all claims by developers under Developer Agreements known to Seller that are not disclosed to Purchaser, for acts or promises other than as set out in the Developer Agreements; or
 - iv. Any promise made by Seller that was not disclosed by Seller and that Seller or Purchaser is forced, by action of law, to honor.
- b. Seller shall indemnify Purchaser and hold it harmless against any claim, cost, expense, liability or loss (including reasonable trial and appellate attorneys fees and costs) incurred or suffered as a result of any broker's or salesman's commission or finders fee alleged to be payable because of any statements, acts or omissions of Seller. Similarly, Purchaser shall indemnify Seller and hold it harmless against any claim, cost, expense, liability or loss (including reasonable trial and appellate attorneys fees and costs) incurred or suffered as a result of any broker's or salesman's

commission or finders fee alleged to be payable because of any statements, acts or omissions of Purchaser.

- c. Purchaser shall save and hold Seller and its representatives, beneficiaries, employees and agents (hereinafter "Seller Indemnified Parties"), harmless from, and indemnify the Seller Indemnified Parties against, any and all losses or damages, claims, demands, deficiencies, liabilities, obligations, costs and/or expenses (including but not limited to reasonable administrative, trial, and appellate attorneys' fees and court costs incurred in connection with investigating, preparing to defend, or defending any action, suit or proceeding commenced, or threatened, or any claim whatsoever) suffered by any of the Seller Indemnified Parties, whether accrued, absolute, contingent or otherwise, and which result from:
 - i. Any misrepresentation by Purchaser of a material fact contained in this Agreement, or a breach of a representation or warranty, with respect to which Seller notifies Purchaser in writing within the applicable survival period as set forth in paragraph d. below, specifying the breach in detail;
 - ii. Any breach by Purchaser of its covenants or obligations herein; or
 - iii. The operation or activities of Purchaser on or after the Closing Date, including, but not limited to, with respect to the Assumed Liabilities.
- d. The respective representations and warranties of the parties contained in this Agreement shall survive the consummation of the transactions contemplated hereby and continue for the duration of the Escrow Agreement.
- e. The amount for which an indemnified party shall receive indemnification hereunder shall be reduced by any insurance proceeds or other payments received by the indemnified party in respect of the indemnified matter.

- f. Each party hereto shall give the indemnifying party prompt written notice of any claim, assertion, event or proceeding by or in respect of a third party of which it has knowledge concerning any liability or damage as to which it may request indemnification hereunder. The party providing indemnification shall have the right at all times to control the defense or settlement of any such claim or proceeding through counsel of its own choosing, and to settle any and all such claims made.
- g. Any party claiming indemnification hereunder with respect to the falsity of any representations or warranties herein must give notice to the other party of its claim for indemnification within the time period herein for the survival of the applicable representation or warranty.
- h. Other than payments made pursuant to the Escrow Agreement, Seller shall not have any obligation to make indemnification payments hereunder unless and until its total indemnification obligations hereunder exceed [REDACTED], whereupon Seller shall make payments with respect to its indemnification obligations in excess of [REDACTED] up to the limit specified in the following sentence. The obligation of Seller to make indemnification payments shall be limited to paying not more than the amount deposited into escrow pursuant to the Escrow Agreement. Similarly, Purchaser shall not have any obligation to make indemnification payments hereunder unless and until its total indemnification obligations hereunder exceed [REDACTED], whereupon Purchaser shall make payments with respect to its indemnification obligations in excess of [REDACTED] up to the limit specified in the following sentence. The obligation of Purchaser to make indemnification payments shall be limited to paying not more than the amount deposited into escrow pursuant to the Escrow Agreement.

12. POST CLOSING COOPERATION.

- a. Seller and Purchaser shall, at any time and from time to time after the Closing Date, upon reasonable request of the other party, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, all such further documents, acts, deeds, assignments, transfers, powers of attorney and assurances as may be

required in order to implement and perform any of the obligations, covenants and agreements of the parties.

- b. Each of the parties hereto shall provide the other with such assistance as reasonably may be requested in connection with the preparation of any tax return, audit or other examination by any taxing authority or any judicial or administrative proceedings relating to liability for taxes relating to the transactions contemplated by this Agreement. Subject to the provisions of sub-paragraph e. hereof, each party shall retain and provide the other with any records or information that may be relevant to such return, audit or examination, proceedings or determination. Such assistance shall include making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder and shall include providing copies of any relevant tax returns and supporting work schedules. The party requesting assistance hereunder shall reimburse the other for reasonable out-of-pocket expenses incurred in providing such assistance.
- c. In the event that, after the Closing Date, any of the parties hereto shall require the participation of the other or of officers and employees employed by the other to aid in the defense or prosecution of litigation or claims, and so long as there exists no conflict of interest between the parties, each party shall use its best efforts to be available or to make such officers and employees reasonably available to participate in such defense or prosecution; provided, however, that the party requiring the participation of such officers or employees shall pay all reasonable out-of-pocket costs, charges and expenses arising from such participation.
- d. Where there is a legitimate purpose not injurious to the other party and not related to prospective competition by such party with another party hereto, or if there is an audit by the IRS, other governmental inquiry or litigation or prospective litigation to which Purchaser or Seller is or may become a party, making necessary any access to the records of or relating to Seller held by Purchaser or making necessary Purchaser's access to records of or relating to the operations of Seller held

by any entity other than Seller, each of them shall allow (or, in the case of records of or relating to the operations of Seller held by any entity other than Seller, use its reasonable best efforts to cause to be allowed) representatives of the other party access to such records during regular business hours at such party's place of business for the sole purpose of obtaining information for use as aforesaid.

- e. Any party at any time, upon not less than 90 days' prior written notice to the other parties hereto, may dispose of the records in its possession relating to the Purchased Assets and the business related thereto, in accordance with its respective record retention policies; provided, however, that a party may, at its own cost and expense, retain, or make arrangements for the retention of, records in the possession of another party to which it would have a right of access under sub-paragraph d., if it notifies, in writing, such party that it desires to retain such records.

13. COMMISSION MATTERS. Within five (5) business days after Purchaser's acceptance of the Schedules pursuant to Section 7.a.xi. (but not before such acceptance unless Seller and Purchaser so agree), Seller and Purchaser shall jointly petition the Commission for approval of the transfer of the Utility System to Purchaser. Seller shall file any reports, if required, and satisfy its outstanding state gross receipts tax obligations, if any, through the Closing Date. Each party shall bear its own costs and expenses in connection with this approval process.

14. MISCELLANEOUS PROVISIONS.

- a. This Agreement, the Schedules hereto, and the documents referred to herein, collectively embody the entire agreement and understandings between the parties and there are no other agreements or understandings, oral or written, with reference to this Agreement that are not merged into and superseded by this Agreement. This Agreement may be executed in one or more counterparts, each of which shall be considered an original.
- b. Any notice or other document required or allowed to be given pursuant to this Agreement or the Escrow Agreement by either party to the other shall be in writing and

shall be delivered personally, or by recognized overnight courier or sent by certified mail, postage prepaid, return receipt requested, or by facsimile transmission with written confirmation.

If to Seller, such Notice shall be addressed to Seller at:

South Carolina Water and Sewer, LLC
c/o Willard S. Detweiler, President/CEO
337 King Street
Charleston, South Carolina 29401

with a copy to:

McNair Law Firm, P.A.
1301 Gervais Street, 17th Floor
Columbia, South Carolina 29201
Attn: Elizabeth Bowe Anders

If to Purchaser, such notice shall be addressed to Purchaser at:

Utilities, Inc.
c/o James Camaren, Chairman and CEO
2335 Sanders Road
Northbrook, Illinois 60062

with a copy to:

Rose, Sundstrom & Bentley, LLP
c/o William E. Sundstrom, P.A.
2548 Blainstone Pines Drive
Tallahassee, Florida 32301

- c. The headings used are for convenience only, and they shall be disregarded in the construction of this Agreement.
- d. The drafting of this Agreement constituted a joint effort of the parties, and in the interpretation hereof it shall be assumed that no party had any more input or influence than any other. All words, terms, and conditions herein contained are to be read in concert, each with the other, and a provision contained under one heading may be

considered to be equally applicable under another heading in the interpretation of this Agreement.

- e. This Agreement is solely for the benefit of the parties hereto and no other causes of action shall accrue upon or by reason hereof to or for the benefit of any third party, who or which is not a formal party hereto other than a Seller Indemnified Party or a Purchaser Indemnified Party.
- f. In the event any term or provision of this Agreement is determined by appropriate judicial authority to be illegal or otherwise invalid, such provision shall be given its nearest legal meaning or be construed as deleted, as such authority determines, and the remainder of this Agreement shall be construed to be in full force and effect.
- g. In the event of any litigation that arises between the parties with respect to this Agreement, the prevailing party shall be entitled to reasonable attorney fees and court costs at all trial and appellate levels.
- h. Unless otherwise agreed between the parties, this Agreement may be amended or modified only if executed in writing and signed by the parties hereto.
- i. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Illinois.
- j. This Agreement shall be binding upon and inure to the benefit of the parties' successors and assigns. Neither Purchaser nor Seller shall transfer or assign this Agreement or any rights, duties or obligations created herein, except, however, Purchaser may assign its rights and obligations under this Agreement to a wholly-owned subsidiary now in existence or hereafter created for the purpose of consummating this transaction, in which case Purchaser nonetheless shall remain responsible for the performance of all of its obligations hereunder.

[SIGNATURES ON NEXT PAGE]

DEC-10-2001 15:02
DEC-10-2001 15:55McNAIR LAW FIRM
UTILITIES, INC.843 376 2277 P.03/06
041 020 0400 1.00 0.00

12/10/01 14:37 ROSE SUNDSTROM + 847 496 4438

NO.320 DDA

IN WITNESS WHEREOF, the parties have hereunto caused this Agreement to be executed the day and year aforesaid in counterparts, each counterpart to be considered an original.

Seller:

SOUTH CAROLINA WATER AND SEWER, LLC


By: Great Southern Waterworks
Corporation, its Manager
and MemberBy: 

Its: _____

By: Thomas B. Pickens, III,
its Manager and Member

Purchaser:

UTILITIES, INC.


By: Jim Camaren
Chairman and CEO

SCHEDULE "A"
(Real Property)

SCHEDULE "B"
(Easements, Licenses, etc.)

SCHEDULE "C"
(Treatment Plants, etc.)

SCHEDULE "D"
(Permits, etc.)

SCHEDULE "E"
(Computers and Software)

SCHEDULE "F"
(Vehicles and Equipment)

SCHEDULE "G"
(Developer Agreements)

Schedule "H"
(Other Excluded Assets)

Schedule "I"
(Seller's Disclosure Schedule)

Schedule "J"
(Purchaser's Disclosure Schedule)

Schedule "K"
(Other Permitted Encumbrances)

Schedule "L"
(Key Employees)

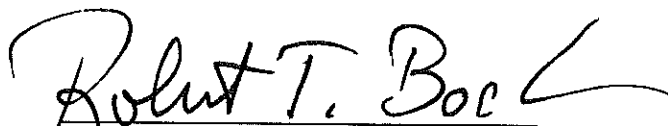
Schedule "M"
(Assumed Liabilities)

EXHIBIT "A"
(Escrow Agreement)

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

RE: Application of Utilities Services of)	
South Carolina, Inc.)	
)	CONSENT OF UTILITIES OF
For Approval of the Transfer of the Water)	SOUTH CAROLINA, INC.
And Sewer Facilities, Territory, and Certificates)	AND SOUTH CAROLINA
Of Utilities of S.C., Inc. and S.C. Water and)	WATER AND SEWER, LLC TO
Sewer, LLC)	APPLICATION FOR TRANSFER
)	BY UTILITIES SERVICES OF
)	SOUTH CAROLINA, INC.
)	

Having reviewed the Application filed in the above-captioned matter, and in accordance with the terms of the Agreements for Purchase and Sale of Water and Wastewater Assets by and between Utilities of South Carolina, Inc. (the "seller") and Utilities, Inc., and South Carolina Water and Sewer, LLC (the "seller") and Utilities, Inc., the sellers hereby consent to and, thereby, join in said Application. Utilities of South Carolina, Inc. and South Carolina Water and Sewer, LLC hereby request that the Commission grant approval of the transfer of assets described in the Application and grant such other and further relief as is just and proper in this matter.



Robert T. Bockman, Esquire
McNair Law Firm, PA
Post Office Box 11390
Columbia, SC 29211

Attorneys for
Utilities of South Carolina, Inc. and
South Carolina Water and Sewer, LLC.